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Part 1

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1989

December 1, 1989.—Ordered to be printed

Mr. Anderson, from the Committee on Public Works and Transportation, submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 2015 which on April 17, 1989, was referred jointly to the Committee on Banking, Finance and Urban Affairs and the Committee on Public Works and Transportation]

[Including cost estimate of the Congressional Budget Office]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 2015) to amend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended to pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

TITLE I—NATIONAL DEVELOPMENT INVESTMENT

SEC. 101. SHORT TITLE.

This title may be cited as the "Public Works and Economic Development Act Amendments of 1989".

SEC. 102. AMENDMENT TO PUBLIC WORKS AND ECONOMIC ACT OF 1965.

The Public Works and Economic Development Act of 1965 is amended to read as follows:

"SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

"(a) Short Title.—This Act may be cited as the 'National Development Investment Act'.

"(b) Table of Contents.—

H643-22

"TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

"Sec. 101. Findings and purposes.
"Sec. 102. Development investment assistance.
"Sec. 103. Qualifying applicants and limitations on locations of projects.
"Sec. 104. Application for grant.
"Sec. 105. Distress requirements.
"Sec. 106. Development investment strategy.
"Sec. 107. Limitations on revolving loan funds.
"Sec. 108. Federal share.
"Sec. 109. Limitations.
"Sec. 110. Community development corporations.
"Sec. 111. Obligation of funds.
"Sec. 112. Authorization of appropriations.

"TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

"Sec. 201. Investment strategy and planning.
"Sec. 202. Evaluation and demonstration.
"Sec. 203. Federal share.
"Sec. 204. Obligation of funds.
"Sec. 205. Authorization of appropriations.

"TITLE III—ADMINISTRATION

"Sec. 301. Definitions.
"Sec. 302. Appointment of assistant secretary.
"Sec. 303. Consultation with other persons and agencies.
"Sec. 304. Administration of assistance.
"Sec. 305. Powers of the Secretary.
"Sec. 306. Certification.
"Sec. 307. Savings provisions.
"Sec. 308. Annual report.
"Sec. 309. Prevailing rate of wage.
"Sec. 310. Record of applications.
"Sec. 311. Records and audit.
"Sec. 312. Nondiscrimination requirements.
"Sec. 313. Authorization of appropriations.

"TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

"SEC. 101. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds and declares the following:

"(1) Historical and structural economic patterns in national and world markets have resulted in disparate economic conditions among various areas and communities in the United States.

"(2) Some areas and communities suffer from substantial and persistent unemployment and underemployment.

"(3) Economic distress caused by structural problems, severe dislocations, or cyclical downturns adversely affects communities and areas and their residents, industry sectors, and groups within the population. Among the most severely affected in distressed areas are socially and economically disadvantaged individuals from groups which suffer the effects of past and present discriminatory practices.

"(4) The changing national and global economies over the past decade have created new problems and challenges for the Nation. Our trade deficit has increased to serious proportions while our export of manufactured goods to other nations has dropped dramatically, and our export of industrial jobs to other nations has reached an alarming level.

"(5) The private sector remains the ultimate generator of employment and economic growth, but the public sector must reverse decades of infrastructure neglect as a necessary concomitant to private business stability and expansion.

"(6) It is in the national interest to develop a partnership between the public and private sectors to plan and implement development and adjustment activities to alleviate such distress.

"(7) Delivering and coordinating Federal assistance to economically distressed areas and industries and groups within those areas is crucial to the health of the national economy and the well-being of the Nation's citizens.

"(b) PURPOSES.—The Congress declares that the purposes of this Act are—

"(1) to promote balanced national growth and economic development by providing Federal aid to distressed areas in—

"(A) planning and financing public works,

"(B) promoting business assistance and other development activities to foster additional long-term employment opportunities for the unemployed and underemployed, and

"(C) benefiting the socially and economically disadvantaged, through the stimulation of private investment through Federal assistance;

"(2) to make the Nation's industrial and commercial resources more competitive in national and international markets; and

"(3) to build, rehabilitate, and repair public infrastructure where it is inadequate to support and encourage private investment in the area;

"(4) to recognize and rely upon improved State and local governments' capacity to direct their own destinies; and

"(5) to link public and private funds to foster coordination of resources between these sectors, in order to leverage the maximum investment in the long-term economic vitality of all areas.

"SEC. 102. DEVELOPMENT INVESTMENT ASSISTANCE.

"(a) GRANTS.—Upon application of an applicant qualifying under section 103 and subject to the provisions of this title, the Secretary is authorized to make a grant to such applicant for one or more of the following:

"(1) CONSTRUCTING AND IMPROVING PUBLIC FACILITIES.—Construction, repair, rehabilitation, and improvement of public facilities, including demolition of existing structures and other site preparation measures, and the acquisition of land and other public works improvements to encourage and support private development.

"(2) REVOLVING LOAN FUNDS.—Establishment of revolving loan funds to promote establishment and growth of small businesses and to retain firms and entrepreneurs which contribute to the creation, retention, and expansion of private sector jobs.

"(3) EMPLOYEE STOCK OWNERSHIP PLANS.—Establishment of revolving loan funds to promote establishment of qualified employee ownership organizations which prevent economic dislocation, facilitate economic adjustment, or contribute to economic diversification and long-term economic vitality.

"(b) TECHNICAL ASSISTANCE.—Upon application of an applicant qualifying under section 103 and subject to the provisions of this title, the Secretary may provide technical assistance for improving and enhancing economic development.

"SEC. 103. QUALIFYING APPLICANTS AND LIMITATIONS ON LOCATIONS OF PROJECTS.

"(a) APPLICANTS FOR DISTRESSED LOCAL GOVERNMENTS.—The following entities may apply for assistance under section 102 for projects and activities to be carried out in the jurisdictional area of a unit of local government which meets the requirements of section 105:

"(1) STATE GOVERNMENT.—The State in which the unit of local government is located may apply if—

"(A) such unit has a population of less than 50,000; and

"(B) such unit is located outside the boundaries of an economic development district.

"(2) LOCAL GOVERNMENT.—The unit of local government may apply; except that—

"(A) in any case in which the unit of local government has a population of less than 50,000 and is located outside the boundaries of an economic development district, such unit must consult the State in the preparation of the grant application; and

"(B) in any case in which the unit of local government is located within the boundaries of an economic development district, such unit must consult such district in the preparation of the grant application.

"(3) ECONOMIC DEVELOPMENT DISTRICT.—The economic development district in which the unit of local government is located may apply.

"(4) ECONOMIC DEVELOPMENT ORGANIZATION.—A private or public nonprofit organization established for economic development purposes and representing an area within the jurisdictional area of the unit of local government may apply if—

"(A) such unit has a population of 50,000 or more;

"(B) such unit is located outside the boundaries of an economic development district; and

"(C) the grant application has been approved by such unit.

"(b) APPLICATIONS FOR INDIAN LANDS.—An Indian tribe may apply for assistance under section 102 for projects and activities to be carried out on lands owned by, or held in trust for, such tribe if such lands meet the requirements of section 105.

"(c) APPLICATIONS FOR POCKETS OF POVERTY.—The following entities may apply for assistance under section 102 for projects and activities to be carried out in an area which meets the requirements of section 105 and is located in the jurisdictional area of a unit of local government which has a population of 50,000 or more and does not meet such requirements:

"(1) Local government.—The unit of local government may apply; except that in any case in which the unit of local government is located within the boundaries of an economic development district, such unit must consult such district in the preparation of the grant application.

"(2) Development organization as applicant.—A private or public nonprofit organization established for economic development purposes and representing the area meeting the requirements of section 105 may apply if such organization consults the unit of local government in the preparation of the grant application.

"SEC. 104. APPLICATION FOR GRANT.

"(a) Contents.—An application for assistance under this title shall include, but need not be limited to—

"(1) a certification that the area over which the applicant has jurisdiction meets the requirements of section 105; except that—

"(A) in any case in which the applicant is a State, economic development district, or an organization described in section 103(a)(4), the certification must be for the area over which the concerned unit of local government has jurisdiction;

"(B) in any case in which the applicant is an Indian tribe, the certification must be for lands owned by, or held in trust for, such Indian tribe; and

"(C) in any case in which the applicant is an organization described in section 103(c)(2), the certification must be for the area such organization represents;

"(2) a certification relative to the performance of any responsibilities which the Secretary has agreed to accept under section 306; and

"(3) a development investment strategy prepared in accordance with section 106.

"(b) Factors To Be Considered in Approval Process.—In approving applications for assistance under this title, the Secretary shall give consideration to—

"(1) the severity of distress in the area for which the grant is to be made;

"(2) the extent to which the grant will result in increased, or more stabilized, permanent employment in such area;

"(3) the ratio of private sector investments committed in such area to the amount of the grant applied for;

"(4) the extent to which the appropriate State and local governments have undertaken or agree to undertake other related actions to encourage economic development and the expansion of employment opportunities;

"(5) the effectiveness of the development investment strategy and the degree to which the proposed project contributes to its implementation (including the strategy's relationship to economic problems identified in the strategy), expands employment opportunities in the existing labor market, provides incentives to retain private businesses, expands or improves public facilities, and encourages private investment; and

"(6) the extent to which the strategy and activities are consistent with State and local goals and contribute to long-term economic growth and private sector employment opportunities and establish an overall strengthened economic and business environment which will be self-sustaining.

"(c) Limitation on Assistance Facilitating Relocations.—No assistance may be provided under this title for projects intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another, unless the Secretary finds that such relocation would not significantly and adversely affect employment in, or the economic base of, the area from which the industrial or commercial plant or facility would be leaving.

"SEC. 105. DISTRESS REQUIREMENTS.

"(a) Certification.—In order to be eligible for assistance under this title, the applicant must certify that the area which is required by section 103 to meet the requirements of this section meets one or more of the following criteria:

"(1) The area has a per capita income of 80 percent or less of the national average.

"(2) The area has an unemployment rate 1 percent above the national average percentage for the most recent 24-month period for which statistics are available.

"(3) The area has experienced or is about to experience a sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area.

"(b) **Documentation of Distress.**—Documentation of distress shall be supported by Federal data, when available, and in other cases by data available through the State government. Such documentation shall be accepted by the Secretary unless it is determined to be inaccurate. The most recent statistics available must be used.

"SEC. 106. DEVELOPMENT INVESTMENT STRATEGY.

"(a) **Preparation and Contents.**—Except as provided in subsection (b), an applicant for assistance under this title shall prepare a development investment strategy for the area which is required by section 103 to meet the requirements of section 105. The development investment strategy must—

"(1) identify the economic development problems sought to be addressed by the grant;

"(2) identify past, present, and projected future economic development investments in such area and public and private participants and sources of funding for such investments;

"(3) identify the extent to which the development investment strategy takes into account—

"(A) availability of developable land and space in the area;

"(B) public works, public service, and development facilities in the area;

"(C) availability of low-cost capital;

"(D) tax policy on investments in the area;

"(E) level of skill of the labor force; and

"(F) ability of State and units of local government to provide financial assistance in the management and implementation of the strategy;

"(4) set forth a strategy for addressing the economic problems identified in paragraph (1) and discusses the manner in which the strategy will solve such problems;

"(5) provide a description of the projects necessary to implement the strategy, an estimate and analysis of the costs and anticipated benefits of implementing the strategy, and an estimate of the timetables for completion of such projects;

"(6) provide a summary of public and private resources which are expected to be available for such projects; and

"(7) provide a comprehensive plan which demonstrates participation in all phases of the development and implementation of the development investment strategy by a representative percentage of small business concerns owned and controlled by socially and economically disadvantaged individuals, as defined by section 8(d) of the Small Business Act (15 U.S.C. 637(d)) and relevant subcontracting regulations promulgated pursuant thereto.

"(b) **Consultation of State or Economic Development District.**—In any case in which a unit of local government is the eligible applicant under section 103(a)(2), the unit of local government shall consult the State or economic development district, respectively, in the preparation of a development investment strategy.

"(c) **Approval of Development Organization's Strategy.**—In any case in which a private or public nonprofit development organization within a unit of local government is the eligible applicant under section 103(c)(2), the organization must consult the unit of local government in the preparation of the organization's development investment strategy.

"SEC. 107. LIMITATIONS ON REVOLVING LOAN FUNDS.

"(a) **Purposes and Uses of Grants.**—Grants under section 102(a) shall be for the purposes of stimulating small business development and promoting economic growth which contributes to an improved local tax base and the creation of permanent employment opportunities. Such grants may only be made to establish or recapitalize a revolving loan fund which will be used only—

"(1) for making loans or guaranteeing loans to small businesses for initial or working capital, or the purchase, rehabilitation or expansion of facilities or equipment; and

"(2) for making loans or guaranteeing loans to businesses if a relatively small amount of capital is needed to complete financing necessary to retain the business in the area.

"(b) **Distress Requirements.**—A grant made under section 102(a)(2) shall be made on the condition that the revolving loan fund established or recapitalized pursuant to such grant shall be used only for providing assistance described in subsection (a) in areas which meet the requirements of section 105.

"(c) **Limitation on Amount of Grant.**—No grant for the establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall be made for more than $1,000,000.

"(d) **Credit Elsewhere Test**.—No loan or guarantee shall be made from a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2) unless the financial assistance applied for is not otherwise available from private lenders on terms which in the opinion of the administrator of the revolving loan fund will permit the accomplishment of the project.

"(e) **Terms of Grants**.—

"(1) **Use assurances**.—Any applicant for a grant for establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall give assurances that amounts of any loan which are repaid to the fund will be available only for the purposes set forth in subsection (a).

"(2) **Repayment assurances**.—No loan or guarantee may be made from a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2) unless the applicant for such loan or guarantee provides reasonable assurance of repayment of the loan.

"(3) **Grantee as administrator**.—The grantee of any grant for establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall administer the fund.

"(f) **Consideration of Past Performance**.—In determining whether or not to make a grant for recapitalization of a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2), the Secretary shall consider past performance of such fund.

"SEC. 108. FEDERAL SHARE.

"(a) **Construction and Improvement Projects**.—The amount of any grant for a project described in section 102(a)(1) shall be that amount which when added to amounts available from all other sources is sufficient to complete such project, except that in no event shall the amount of any such grant exceed 50 percent of such cost of completing the project as determined at the time of the grant application. No additional funds shall be granted or otherwise made available under this Act for any project described in section 102(a)(1) for which a grant has been made under this Act.

"(b) **Establishment of Revolving Loan Funds**.—The amount of any grant for the establishment of a revolving loan fund under section 102(a) shall not exceed an amount which is equal to the amount of funds available from all other sources for the establishment of such revolving loan fund. The amount of any additional grant for the recapitalization of a revolving loan fund previously established with a grant under section 102(a)(2) shall not exceed an amount which is equal to ⅓ of the amount of funds available from all other sources for such recapitalization.

"(c) **Indian Tribes**.—In the case of a grant to an Indian tribe under section 102(a), the Secretary may reduce or waive any non-Federal share required by this section.

"SEC. 109. LIMITATIONS.

"(a) **Obligations in a State**.—Except for expenditures to Indian tribes, not more than 15 percent of the appropriations made for a fiscal year pursuant to this title may be expended in any one State.

"(b) **Obligations to a Person**.—The Secretary shall not obligate more than $4,000,000 in any fiscal year to any person (including any State or local government or public organization) for grants under this title, other than grants for establishment of qualified employee ownership organizations.

"SEC. 110. COMMUNITY DEVELOPMENT CORPORATIONS.

"(a) **Grants**.—The Secretary may make grants to community development corporations to assist small businesses by reducing the interest rates for economic development activities to be carried out by such businesses in areas meeting the distress requirements of section 105.

"(b) **Aggregate Amount**.—The aggregate amount of grants under this section may not exceed $10,000,000 in any fiscal year.

"SEC. 111. OBLIGATION OF FUNDS.

"(a) **By May 31**.—Not later than May 31 of each fiscal year, the Secretary shall obligate for grants under this title not less than 50 percent and not more than 60 percent of the funds appropriated for such fiscal year pursuant to this title.

"(b) **By September 30**.—Not later than September 30 of each fiscal year, the Secretary shall obligate for assistance under this title the remaining funds appropriated for such fiscal year pursuant to this title.

"SEC. 112. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this title, to be available until expended, $200,000,000 per fiscal year for each of fiscal years 1990, 1991, and

1992. Not more than 25 percent of the amount appropriated pursuant to this section for any fiscal year shall be expended to carry out section 102(a)(2).

"TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

"SEC. 201. INVESTMENT STRATEGY AND PLANNING.

"(a) GRANTS FOR ECONOMIC DEVELOPMENT PLANNING.—The Secretary is authorized to make grants for economic development planning, including the preparation of development investment strategies under section 106 and the payment of administrative expenses, to—

"(1) any State,

"(2) any economic development district,

"(3) any Indian tribe,

"(4) any county if the jurisdictional area of such county meets the requirements of section 105 and is located outside of the boundaries of an economic development district, and

"(5) any other unit of local government with a population of 50,000 or more if the jurisdictional area of such unit meets such requirements and is located outside of the boundaries of an economic development district.

The Secretary is also authorized to make grants for preparation of a development investment strategy under section 106 to any unit of local government with a population of 100,000 or more if the jurisdictional area of such unit meets the requirements of section 105 and, in any case in which such unit is located within the boundaries of an economic development district, such unit consults the district in the preparation of the investment strategy.

"(b) COMPREHENSIVE PLANNING REQUIREMENT.—Planning carried out under this section shall be a part of a comprehensive planning process and shall be a continuous process involving public officials and private citizens in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program.

"(c) PREPARATION OF STATE PLANS.—Any State economic development plan prepared with assistance under this section shall be prepared by the State with the active participation of units of local government and economic development districts located in whole or in part within such State and shall set goals for economic development within such State.

"(d) ANNUAL STATE REPORTS.—Each State receiving assistance under this section shall submit to the Secretary an annual report on the planning process assisted under this section.

"(e) DISTRICT AND LOCAL PLANS CONSISTENT WITH STATE PLAN.—Any economic development planning by an economic development district or a unit of local government for which a grant is made under this section shall be consistent with the State economic development plan for the State in which such district or unit is located.

"(f) COORDINATION OF RESOURCES.—Grants under this section shall be used, to the maximum extent possible, to provide coordination of investment for community facilities, economic development, manpower training, and transportation services.

"(g) ENCOURAGEMENT OF ASSISTANCE.—Each applicant for assistance under this section is encouraged to provide project planning, financial analysis, marketing, management, feasibility studies, and other technical and financial assistance to communities and neighborhoods within its boundaries.

"SEC. 202. EVALUATION AND DEMONSTRATION.

"(a) EVALUATION OF DEVELOPMENT INVESTMENT EFFORTS.—The Secretary is authorized to conduct a program of evaluation of Federal, State, and local development investment efforts in order to—

"(1) assist in determining the causes of unemployment, underemployment, severe economic adjustment problems, and chronic distress in areas and regions of the United States; and

"(2) assist in formulating, implementing, or improving programs at the National, State, or local levels which are designed to increase employment in private firms, assist depressed industry sectors, or otherwise promote economic development or adjustment.

"(b) DEMONSTRATION PROGRAMS.—

"(1) IN GENERAL.—The Secretary is authorized to conduct demonstration programs to test the feasibility of new ways to increase productivity and growth designed to make the steel industry and related industries more competitive, to encourage the use and development of innovative technology and research in economic development, to match the labor force with projected labor markets, to improve United States competitiveness, and to encourage economic diversity and regional balance.

"(2) **Reports.**—Not later than 90 days after completion of each demonstration program conducted under this subsection, the Secretary shall transmit to Congress a report on the results of such program.

"(c) **Administration.**—Programs authorized under subsections (a) and (b) of this section may be carried out by the Secretary acting through the staff of the Department of Commerce, in cooperation with or by the provision of funding to other departments or agencies of the Federal Government, or by contract.

"(d) **Grants for Management and Technical Assistance.**—The Secretary is authorized to make grants to colleges, universities, and other organizations to establish and support ongoing programs which provide to businesses and units of local government management and technical assistance for the purposes of promoting productivity, economic development, and employment opportunity.

"SEC. 203. FEDERAL SHARE.

"(a) Economic Development Planning.—The amount of any grant under section 201 may not exceed 75 percent of the cost of economic development planning or of the preparation of a development investment strategy.

"(b) Management and Technical Assistance.—The amount of any grant under section 202(d) may not exceed 75 percent of the cost of establishing and supporting the ongoing management and technical assistance program.

"(c) Determination of Non-Federal Share.—In determining the amount of the non-Federal share of costs under this section, the Secretary shall give consideration to all contributions both in cash and in kind, including space, equipment, and services.

"(d) Indian Tribes.—In the case of a grant to an Indian tribe under section 201, the Secretary may reduce or waive any non-Federal share required by this section.

"SEC. 204. OBLIGATION OF FUNDS.

"Not later than December 31 of each fiscal year, the Secretary shall obligate for grants under section 201, 90 percent of the funds appropriated for such fiscal year pursuant to this title, other than those funds made available for purposes of section 202. The remainder of such funds shall be obligated during such fiscal year only for making grants under section 201 in areas meeting the criteria set forth in section 105(a)(3).

"SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

"(a) In General.—There is authorized to be appropriated to carry out this title, to be available until expended, $50,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.

"(b) Limitation on Amount for Section 202.—Of sums authorized to be appropriated under subsection (a) of this section, not to exceed $13,000,000 in fiscal year 1990 and not to exceed $15,000,000 in each of fiscal years 1991 and 1992 shall be available for purposes of section 202.

"TITLE III—ADMINISTRATION

"SEC. 301. DEFINITIONS.

"For purposes of this Act—

"(1) Economic development district.—The term 'economic development district' means—

"(A) an economic development district designated on or before January 1, 1989, under section 403(a)(1) of the Public Works and Economic Development Act of 1965; and

"(B) any district within a State which is designated by the Secretary, which district is of sufficient size or population and contains sufficient resources to foster economic development on a scale involving more than one county and does not contain within its boundaries any part of another economic development district designated under subparagraph (A) or under this subparagraph.

"(2) Jurisdictional area.—The term 'jurisdictional area' means the area over which a unit of local government has jurisdiction.

"(3) Indian tribe.—The term 'Indian tribe' means the governing body of an Indian tribe, an Indian authority or tribal organization or entity, an Alaska Native village, or any Indian group which is recognized as an Indian tribe by the Secretary of the Interior, except that the term 'Indian tribe' shall also include those bodies, authorities, organizations, entities, or groups not recognized by the Secretary of the Interior, if such body, authority, organization, entity or group is recognized as a tribe or other similar appropriate entity by the State in which it is located and such State holds land in trust on behalf of such tribe or other similar appropriate entity.

"(4) Qualified employee ownership organization.—The term 'qualified employee ownership organization' includes a qualified employee trust as defined in section 3(c)(2) of the Small Business Act, except that—

"(A) such term shall not be limited to plans maintained by small business concerns or to loans guaranteed under such Act;

"(B) in the case of any form of financial assistance, the principles of section 3(c)(2)(B) of such Act shall apply under regulations prescribed by the Secretary; and

"(C) there shall be periodic reviews of the role, in the management of the concern involved, of employees to whose account stock is allocated.

"(5) Secretary.—The term 'Secretary' means the Secretary of Commerce.

"(6) Small business concern.—The term 'small business concern' means a business that is independently owned and operated, is not dominant in its field of operations, and meets such other criteria as the Secretary, after consultation with the Administrator of the Small Business Administration, may by regulation establish, including numbers of employees and dollar volume of business by industrial classes.

"(7) State.—The term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Marianas.

"(8) Unit of local government.—The term 'unit of local government' means any city, county, town, parish, village, or other general purpose political subdivision of a State.

"SEC. 302. APPOINTMENT OF ASSISTANT SECRETARY.

"The Secretary shall administer this Act with the assistance of an Assistant Secretary of Commerce, established by section 601 of the Public Works and Economic Development Act of 1965. Such Assistant Secretary shall perform such functions as the Secretary may prescribe.

"SEC. 303. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

"The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment. The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

"SEC. 304. ADMINISTRATION OF ASSISTANCE.

"No grant shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

"SEC. 305. POWERS OF THE SECRETARY.

"(a) List of Powers.—In performing his duties under this Act, the Secretary is authorized to do the following:

"(1) Adopt, alter, and use a seal, which shall be judicially noticed.

"(2) Hold such hearings, sit and act at such times and places, and take such testimony, as the Secretary may deem advisable.

"(3) Request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act. Each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary.

"(4) Acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized by this Act.

"(5) Procure by contract the temporary or intermittent services of experts and consultants or organizations therefor as authorized by section 3109(b) of title 5, United States Code, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) in accordance with section 5703 of title 5, United States Code, for persons in the Government service employed intermittently, while so employed.

"(6) Sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne, or final, shall be issued against the Secretary or property of the Secretary.

"(7) Establish such rules, regulations, and procedures as the Secretary may deem appropriate in carrying out the provisions of this Act.

"(b) LIMITATION ON STATUTORY CONSTRUCTION.—Nothing in this Act (including subsection (a)(6)) shall be construed to except the activities under this Act from the application of sections 517, 547, and 2679 of title 28, United States Code.

"SEC. 306. CERTIFICATION.

"(a) ACCEPTANCE.—The Secretary may discharge any of his responsibilities relative to a project for which a grant may be made under title I of this Act by accepting a certification by the applicant of the applicant's performance of such responsibilities.

"(b) RESCISSION OF ACCEPTANCE.—Acceptance by the Secretary of an applicant's certification under this section may be rescinded by the Secretary at any time if, in the opinion of the Secretary, it is necessary to do so.

"(c) REGULATION.—The Secretary shall issue such guidelines and regulations as may be necessary to carry out this section.

"SEC. 307. SAVINGS PROVISIONS.

"(a) AFFECT ON PROCEEDINGS.—No suit, action, or other proceeding lawfully commenced by or against the Secretary or Assistant Secretary or any other officer in his or her official capacity or in relation to the discharge of his or her official duties under the Public Works and Economic Development Act of 1965, shall abate by reason of the taking effect of the amendment by section 102 of the Public Works and Economic Development Act Amendments of 1989, but the court may, on a motion or supplemental petition filed at any time within 12 months after the effective date of such amendment, showing a necessity for the survival of such suit, action, or proceeding to obtain a settlement of the questions involved, allow such suit, action, or proceeding to be maintained by or against the Secretary or Assistant Secretary or such other officer of the Department of Commerce as may be appropriate.

"(b) EXISTING REGULATIONS AND PROCEEDINGS.—All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, before the effective date of such amendment, by any agency, officer, or office pertaining to any functions, powers, and duties under the Public Works and Economic Development Act of 1965 shall continue in full force and effect after such effective date until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

"SEC. 308. ANNUAL REPORT.

"The Secretary shall make a comprehensive and detailed annual report to Congress of operations under this Act for each fiscal year beginning after the year ending September 30, 1989. Such report shall be printed and shall be transmitted to Congress not later than February 1 of the year following the fiscal year with respect to which such report is made.

"SEC. 309. PREVAILING RATE OF WAGE.

"(a) GENERAL RULE.—All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, commonly known as the Davis-Bacon Act (46 Stat. 1494; 40 U.S.C. 276a–276a-5).

"(b) ASSURANCE.—The Secretary shall not extend any financial assistance under this Act for any project without first obtaining adequate assurance that the standards required by subsection (a) will be maintained upon the construction work.

"(c) FUNCTION OF SECRETARY OF LABOR.—The Secretary of Labor shall have, with respect to the standards required by subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. App.), and section 2 of the Act of June 13, 1934 (48 Stat. 948; 40 U.S.C. 276c).

"SEC. 310. RECORD OF APPLICATIONS.

"The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of each application approved for a grant under this Act, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved:

"(1) The name of the applicant.

"(2) The amount and duration of the grant for which application is made.

"(3) The purposes for which the proceeds of the grant are to be used.

"SEC. 311. RECORDS AND AUDIT.

"(a) GENERAL RULES.—

"(1) RECORDS.—Each recipient of a grant under this Act shall keep such records as the Secretary shall prescribe, including records which—

"(A) fully disclose the amount and the disposition by such recipient of the proceeds of such grant, the total cost of the project or undertaking in connection with which such grant is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources; and

"(B) review the efficiency, economy, and effectiveness of the project carried out under this Act.

"(2) REPORTS TO SECRETARY.—Not later than January 11 and July 11 of each year, each recipient shall transmit a report to the Secretary containing all information prescribed under paragraph (1) which relates to all activities carried out during the preceding period relating to grants made to it under this Act. Each report submitted in January of each year shall include an audited statement of funds spent on the project or undertaking during the preceding fiscal year. Such statement shall be prepared in accordance with chapter 75 of title 31, United States Code, or agency regulations governing the audit of nonprofits.

"(b) ACCESS TO INFORMATION.—For the purpose of reviewing the efficiency, economy, and effectiveness of programs carried out under the provisions of the Act, including audit and examination, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of any recipient, subrecipient, contractor, or subcontractor that are pertinent to assistance received under this Act.

"SEC. 312. NONDISCRIMINATION REQUIREMENTS.

"In administering this Act, the Secretary may not—

"(1) discriminate in favor of or against any qualified applicant based on the fact that the area in which the project would be located is either rural or urban in character;

"(2) create separate allocations of funds to provide assistance for urban and rural areas unless such allocations are based on objective findings of relative levels of distress in areas qualified for assistance under this Act; or

"(3) deny assistance to a qualified applicant based on the fact that the project area is located in a State which has a low level of unemployment.

"SEC. 313. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated for salaries and administrative expenses to carry out the provisions of this Act $26,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992. Appropriations under this Act shall remain available until expended. Any contract entered into pursuant to this Act shall be effective only to such extent and in such amounts as may be provided in advance in an appropriation Act.".

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

SEC. 201. SHORT TITLE.

This title may be cited as the "Appalachian Regional Development Act Amendments of 1989".

SEC. 202. FINDINGS AND PURPOSES.

Section 2 of the Appalachian Regional Development Act of 1965 is amended—

(1) in subsection (a) by striking out the period at the end of the 6th sentence and inserting in lieu thereof "and in severely distressed and underdeveloped counties and areas lacking resources for basic services."; and

(2) by adding at the end of such section the following new subsection:

"(c) The Congress further finds and declares that, while substantial progress has been made in fulfilling many of the objectives of this Act, rapidly changing national and global economics over the past decade have created new problems and challenges for rural areas throughout the Nation and especially for the Appalachian region. Thus, the problems of the region are not only to provide the infrastructure necessary to economic and human resource development, to develop its industry, and to generate a diversified regional economy, but to make the region's industrial and commercial resources more competitive in national and world markets. It is, therefore, also the purpose of this Act to provide a framework for coordinating Federal, State, and local initiatives to respond to the economic competitive challenge through improving the skills of the region's manpower, adapting and applying new technologies for the region's businesses, and improving the access of the region's businesses to the technical and financial resources necessary to their development while continuing to address the need to provide basic services for the more disadvantaged areas of the region so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across this Nation.".

SEC. 203. AUTHORIZATIONS FOR ADMINISTRATIVE EXPENSES.

Section 105(b) of the Appalachian Regional Development Act of 1965 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", and not to exceed $3,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992. Of amounts appropriated pursuant to the preceding sentence for each of fiscal years 1990, 1991, and 1992, not to exceed $1,000,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff.".

SEC. 204. EXTENSION OF LEASE TERMS.

Section 106(7) of the Appalachian Regional Development Act of 1965 is amended by striking out "1982" and inserting in lieu thereof "1992".

SEC. 205. HIGHWAY SYSTEM.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—Section 201(g) of the Appalachian Regional Development Act of 1965 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "; and $144,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.".

(b) **FEDERAL SHARE.**—

(1) **GENERAL RULE.**—Section 201(h)(1) of such Act is amended by striking out "70 per centum" and inserting in lieu thereof "80 percent".

(2) **APPLICABILITY.**—The amendment made by paragraph (1) shall apply to projects approved after March 31, 1979.

SEC. 206. DEFINITIONS.

(a) **UPDATING OF COVERED FEDERAL GRANT-IN-AID PROGRAMS.**—The first sentence of section 214(c) of the Appalachian Regional Development Act of 1965 is amended by striking out "December 31, 1980" and inserting in lieu thereof "October 1, 1993".

(b) **LIMITATION ON COVERED ROAD PROJECTS.**—The second sentence of such section is amended by inserting "authorized by title 23, United States Code" after "road construction".

SEC. 207. PROGRAM DEVELOPMENT CRITERIA.

Section 224(a) of the Appalachian Regional Development Act of 1965 is amended by inserting before the semicolon at the end of paragraph (1) the following: "or in a severely distressed and underdeveloped county or area lacking resources for basic services".

SEC. 208. REMOVAL OF LIMITATION.

Section 224(b) of the Appalachian Regional Development Act of 1965 is amended—

(1) by striking out "(2) to finance" and all that follows through "(3)" and inserting in lieu thereof "(2)"; and

(2) by striking out "(4)" and inserting in lieu thereof "(3)".

SEC. 209. MAXIMUM FEDERAL SHARE.

Section 224 of the Appalachian Regional Development Act of 1965 is amended by adding at the end thereof the following new subsection:

"(d) **MAXIMUM FEDERAL SHARE.**—Notwithstanding any other provision of this Act, after October 1, 1989, grants made with funds authorized under this Act shall not exceed 50 percent of the costs of any project approved under this Act (except projects under section 201); except that, notwithstanding any limitation of any other Federal law, such grants may increase the Federal contribution to any project being carried out under such other law and eligible for financial assistance under this Act to such percentage as the Commission determines appropriate within the limitations of this Act.".

SEC. 210. GRANTS FOR ADMINISTRATIVE EXPENSES AND DEMONSTRATION PROJECTS.

(a) General Rule.—Section 302(a)(3) of the Appalachian Regional Development Act of 1965 is amended—

(1) by inserting after "technical assistance" the following: "(including technical assistance for business development and stabilization and application of technologies and productivity improvement)";

(2) by inserting after "training programs" the following: "(including on-site employee training and programs to upgrade employability of the region's people)"; and

(3) by inserting after "demonstrations" the following: "(including demonstrations of service consolidations and other methods of increasing efficiency of local governments, the establishment and operation by States, public agencies, or nonprofit development organizations of revolving funds for business assistance loans, the establishment and operation of business incubators and the provision of industrial facilities and equipment by public agencies and nonprofit organizations on such terms (including terms of reasonable recovery of grant funds upon resale) as are approved by the Commission, and the acquisition and development of land)".

(b) Limitations on Demonstration Grants.—Subsection (b)(1) of such section is amended—

(1) by striking out ", (3), or (4)," and inserting in lieu thereof "or (4),";

(2) by inserting "or economic" after "energy"; and

(3) by striking out the second sentence and inserting in lieu thereof the following: "Funds in energy enterprise development loan funds established with grants previously approved by the Commission under this section may, upon approval of the Commission pursuant to section 303, after the date of the enactment of the Appalachian Regional Development Act Amendments of 1987, be made available for the purposes authorized in subsection (a)(3).".

SEC. 211. AUTHORIZATION OF APPROPRIATIONS FOR GENERAL PROGRAM.

Section 401 of the Appalachian Regional Development Act of 1965 is amended by adding at the end thereof the following: "In addition to the appropriations authorized in section 105 for administrative expenses and in section 201(g) for the Appalachian development highway system and local access roads, there is authorized to be appropriated to the Commission, to be available until expended, to carry out this Act, $37,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.".

SEC. 212. EXTENSION OF TERMINATION DATE.

Section 405 of the Appalachian Regional Development Act of 1965 is amended by striking out "1982" and inserting in lieu thereof "1992".

History

H.R. 2015 was introduced on April 17, 1989 and jointly referred to the Committee on Public Works and Transportation and the Committee on Banking, Finance and Urban Affairs.

The Subcommittee on Economic Development reported the bill to the full Committee on October 25, 1989 and the full Committee ordered the bill reported on November 17, 1989 by a voice vote.

H.R. 2015, as introduced, is substantially the same as H.R. 2686, which passed the House in the 100th Congress on August 6, 1987 by the overwhelming margin of 330 to 89. It is similar also to bills which passed the House in previous Congresses. They were: H.R. 10, in the 99th Congress which passed on September 4, 1985 by a vote of 260 to 96; H.R. 10 in the 98th Congress passed on July 12, 1983 by a vote of 306 to 113; and H.R. 6100 in the 97th Congress passed on August 12, 1982 by a 281 to 95 margin.

The intent of all these bills has been to provide new authorizations for both the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965 and to amend the programs to meet current needs. The Administration has not supported reauthorization of these programs since their expiration in 1982, and the Senate has not acted on the legislation.

However, the Senate has supported continued funding for both EDA and ARC through the appropriations process every fiscal year since September 30, 1982.

On May 24 and 25, 1989, the Subcommittee held two days of hearings on H.R. 2015, bringing to 22 the total number of hearing days held since 1981 that have focused on legislation aimed at reauthorizing and improving the existing economic development programs. Sixteen of those hearing days were held in Washington and included 4 days of joint hearings with the Banking Committee's Subcommittee on Economic Stabilization. Six days of hearings were held in the field: Pittsburgh, Pennsylvania; Lansing, Michigan; Huntington, West Virginia; Cleveland, Ohio; Steubenville, Ohio; and Chicago, Illinois to review economic conditions in those areas and get ideas of how the programs of the Economic Development Administration and the Appalachian Regional Commission might better address changing national and world economies.

The Subcommittee has consistently received testimony endorsing the Public Works and Transporation Committee's long-standing commitment to local economic development. In addition, witnesses from many areas of the Nation, with wide-ranging interests and expertise, provided considerable data attesting to the important role of these programs in improving the economies of distressed areas and creating jobs and made many helpful recommendations for improving the programs. Witnesses included many State and local officials representatives of development districts, and public and private-sector people at the grass roots level directly involved in making the policies and programs work. Valuable testimony was received also from associations such as the National Association of Development Organizations, National Council for Urban Economic Development, National Association of Regional Councils, Public Works and Economic Development Association, National Association of Counties, American Planning Association, National Council for Community Economic Development, U.S. Conference of Mayors, AFL-CIO, and Members of Congress.

In 1982, the Subcommittee undertook a survey of local, private and public sector leaders on the "Evaluation of the Authorities and Programs of the Economic Development Administration." More than 400 respondents, who had direct experience with economic development issues and the programs of EDA, overwhelmingly supported continuation of a Federal role in economic development and the types of programs funded by the agency. The findings and conclusions of the survey are contained in Public Works and Transportation Committee Print 97-41.

The Subcommittee has also closely monitored implementation of existing programs under the Economic Development Administration. Each year from 1982 through 1988, oversight hearings have been held to review Agency policies and use of annual appropriations to implement the programs, as part of a continuing effort to improve the programs and focus on assisting local economies.

Although authorization for EDA and ARC expired at the end of FY 1982, funding has been continued through the appropriations process despite Administration efforts to terminate the programs, though at reduced levels.

FY 1983: P.L. 97-377 for both the EDA and the ARC.

FY 1984: P.L. 98-166 for EDA; P.L. 98-50 for ARC.

FY 1985: P.L. 98-411 for EDA; P.L. 98-360 for ARC.

FY 1986: P.L. 99-180 and P.L. 99-190 for EDA; P.L. 99-141 for ARC.

FY 1987: P.L. 99-591 for both EDA and ARC.

FY 1988: P.L. 100-202 for both EDA and ARC.

FY 1989: P.L. 100-459 for EDA; P.L. 100-371 for ARC.

FY 1990: P.L. 101-162 for EDA; P.L. 101-101 for ARC.

Opponents of the programs have criticized EDA for straying too far from its original mission. They point to the eligibility criteria noting that more than 80 percent of the Nation is eligible for assistance without distinction between areas of great need versus those with lesser need. The Committee wishes to point out that the legislation addresses this criticism. Under the eligibility criteria in H.R. 2015, the percentage of population living in eligible areas, using current figures, would be closer to 39 or 40 percent. Furthermore, under existing law, there is a big difference between being eligible for assistance and actually receiving assistance. The fact is that EDA programs are discretionary and the Agency has, over the years, consistently targeted grant assistance to the most severely distressed communities.

Critics have also stated that targeting economic development assistance to depressed areas is an inappropriate use of Federal funds and should be the sole responsibility of State and local government, and that EDA and ARC program activities have not created net gains for the Nation's economy or materially improved regional or local economies. On the basis of our findings the Committee disagrees with these views.

NEED FOR THE LEGISLATION

Evaluations of the existing EDA and ARC progorams have shown them to be highly successful investments by the Federal Government in regional and subregional development projects that have addressed many of the problems facing distressed communities and industries and served a national economic and social purpose. A key factor in their success has been the substantial degree of local participation in the decisionmaking process. While some projects have failed because of bad management, poor administration, overly ambitious goals, or for other reasons, the successes have far outweighed the failures and more than made up for the Federal investment. The Federal money provided through these programs has leveraged billions of dollars in private capital, created and saved millions of private sector jobs and returned billions in tax dollars to Federal, State and local treasuries. The Committee is confident these programs will continue to be as valuable in the future as they have been in the past.

Over the years, witnesses have provided numerous examples of successful EDA-assisted projects that show how well all levels of government have worked with the private sector to provide the essential public facilities that in turn promoted economic growth and resulted in the creation of long-term jobs. EDA is the only Federal agency that focuses solely on economic development. Without its assistance, they said, many of these projects would have been stalled for years or not built at all. Significantly, EDA-funded projects were portrayed as providing a cost effective means for the Federal government to play a vital role of providing financial resources and technical assistance to support local initiatives and foster private sector investment in communities that otherwise would not prosper and would eventually disappear.

Equally significant is the progress being made in many part of Appalachia as a result of opportunities created through the Appalachian Regional Commission. Information provided at the hearings indicates that as of early 1989 about 24% of the region's 397 counties had unemployment rates at or below the national average, a claim that could not have been made 24 years ago when ARC began its work. One witness, commenting on the important role of the Commission, stated that tax bases would have withered away to nothing, hopes for a better tomorrow would have been washed away and the liability to the Federal Government in relief programs would have been much more than the total monies that have been appropriated in the past.

Unfortunately, however, other counties in the Region and unemployment rates at least twice the national average along with other problems. The work of the Appalachian Regional Commission is bearing fruit but the job is a long way from being completed. The region remains among the most economically distressed areas of the country.

Early in the 1980's, this country experienced a severe recession that put tremendous financial burdens on many communities, industries and individuals. Since then, we have been in a long period of unprecedented national economic growth. Yet, as we have seen, not all regions, industries or population segments have benefited equally or meaningfully during this general economic expansion. Ironically, it was because of similiar circumstances some twenty-five years ago that a concerned Congress set up the development programs under EDA and ARC. It was clear then that the existence of persistent regional and industrial economic disparties and problems adversely affects the Nation as a whole because the United States economy consists of many local and regional economies. The same is true today.

Although the national unemployment rate is down to about 5.3 percent, it doesn't show that some cities and regions have rates twice that figure, or that the rate for African Americans is close to 11 percent and for Hispanic Americans about 8 percent. Nor does it show that the number of Americans holding down two jobs to meet regular expenses and debts is at a 30-year high. Recent Commerce Department data on per capita income show a continuing pattern of faster than average growth in high-income regions of the Nation and slower than average increases on low-income regions. In addition, in 1988 the difference in per capita income between the highest and lowest regions, as a percent of the national average, was the widest since 1969.

A common theme in testimony presented to the Committee was that battles have been won, but the war goes on. Local governments are striving to broaden their economic bases in order to survive industrial and technological changes, new population and employment patterns, international trade pressures and worldwide competition. However, while economic development is a major concern of localities of all sizes nationwide, they face serious financial pressures to meet expenditures for these as well as unrelated projects, many of which were mandated by the Federal government. Clearly, there continues to be a need for Federal programs to assist sub-national economic development.

As we move into the 1990's our country is facing a host of new problems and challenges from changing national and global economies. If we are to remain competitive in the world economy and global marketplace, we must fully exploit the productive potential of all regions, population segments and industries of our Nation. The Committee believes it is an urgent and legitimate role of the Federal government to continue these cost-effective targeted investments to enhance our future economic strength and vitality.

H.R. 2015 is designed to ensure that the Economic Development Administration and the Appalachian Regional Commission contribute to the goal of nurturing and diversifying the economies of both urban and rural communities.

Title I of the bill, the "National Developoment Investment Act," revised the Public Works and Economic Development Act and authorizes new economic development programs through fiscal year 1992. It addresses past criticisms and builds on the valuable experience and expertise gained over ther years. It provides the framework to help disadvantaged communities and individuals take the lead in devising strategies to strengthen their local economies.

Title II extends the Appalachian Regional Development Act in line with policies adopted by the Appalachian Governors. It would fund programs through the Appalachian Regional Commission to complete the Region's highway system as rapidly as possible while also providing for non-highway programs aimed at strengthening economic conditions in the Region and improving basic services in the most distressed counties.

There are many who see the Economic Development Administration as being uniquely positioned among Federal agencies to make a valuable contribution, in concert with business, to improve the nation's productive capacity. The planning and assistance programs are important tools for business-government partnerships to produce goods that can compete in the competitive world marketplace. In addition, EDA's traditional role of investing in public works and infrastructure is essential to stimulate private investment for commercial and industrial development. The Committee agrees with this view and would very much like to see the Administration support this legislation, redefine the Agency's status and utilize its capabilities to the fullest extent as an investment in our Nation's future.

Another witness suggested that, given the arrival of a new administration and continued Congressional support for economic development, this might be a time to reassess Agency priorities. Three possible areas were recommended to focus on in the future—trade development, rural development and enterprise zones—with EDA serving as an in-place vehicle to pursue national objectives. The Committee recognizes the considerable interest in these issues. We would emphasize, however, that EDA, given its goals of promoting economic development and creating jobs, is not constrained from operating in these areas now. Over the years, EDA has provided substantial investments in rural development and gained considerable expertise in addressing many of the problems facing distressed rural, as well as urban, areas. In addition, it has participated in some export and trade programs at the State and national levels. Finally, the Agency has the discretionary authority to award grants to eligible applicants within enterprise zones. However, the Committee is not prepared at this time to recommend focusing investments in these areas to the exclusion of others.

The development tools available in this bill combined with the principle that economic development should be initiated at the local level based on assessments of local problems by local leaders are features which have been strongly supported by those who have responsibility for economic development.

The Committee recognizes the continuing need to reduce the deficit in our Federal budget and to reduce the growth of Federal spending. Therefore, the authorizations contained in this bill are at levels considerably lower than pre-1982 levels. Also, the Federal investment provided by this bill is to be matched by local communities and is intended to increase leveraging of other public and private resources based on locally-prepared, long-range development investment strategies to deal with economic problems and changes affecting their communities.

The Committee remains convinced that the Nation as a whole benefits when the Federal monies invested in development assistance in economically distressed areas fosters business growth and expansion, puts people to work and results in tax revenues to local, State and Federal Treasuries. If we let our depressed areas stagnate or fall deeper into economic decline, it will be even more costly to the Nation in years to come.

SUMMARY OF H.R. 2015 TO AMEND THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965 AND THE APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

The bill has two titles: Title I, the Public Works and Economic Development Act Amendments of 1989 known as the "National Development Investment Act," authorizes new economic development programs through fiscal year 1992. Title II, the "Appalachian Regional Development Act Amendments of 1989" provides funds through the Appalachian Regional Commission for the highway system and local access roads as well as the non-highway programs.

TITLE I—PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1989

The National Development Investment Act, which has three titles, completely revises the Public Works and Economic Development Act of 1965. Title I provides for an economic development investment assistance program; Title II provides for investment strategy, planning, evaluation and demonstration programs; and Title III contains provisions for administration of the Act.

The Act provides 50 percent Federal grants to States, Economic Development Districts, Indian tribes, local governments and development organizations to encourage economic development diversification and revitalization. Authorizations are $250 million annually for 3 years for the construction, repair, rehabilitation and improvement of public facilities; for establishing locally administered revolving loan funds to assist small businesses or to retain existing business; for establishing revolving loan funds to promote employee stock ownership organizations; for assisting small businesses by partially subsidizing interest rates through bank community development corporations; and for planning at the State and local levels.

Long-term designation is eliminated. With each new application, communities must certify distress using the most current data. State and local statistical data may be used when Federal data are not available. Local certification is used to reduce Federal paperwork.

The Development Investment Strategy is the heart of this legislation. The applicant must, in the strategy, analyze its economic problems; inventory its available resources (other Federal, State, and local and private sources) and past investments; and present a long-term schedule for approaching economic self-sufficiency.

The Secretary is directed to evaluate eligibility and strategies for the purpose of project selection on factors which include severity of distress, anticipated increase in permanent employment, the ratio of private sector investment and the extent of non-Federal government participation. The priority is to spend scarce dollars where they will have the most impact.

The basic economic development tools presently available through the Economic Development Administration are retained; however, the National Development Investment Act places greater emphasis on leveraging private funds and developing long-range economic recovery programs. Also retained is assistance for communities to address sudden or severe economic dislocation such as a major plant closing or other substantial job loss.

The bill calls for the cooperation of all levels of government and the private sector to contribute to the public infrastructure needed to encourage investment and development to stimulate jobs. It is geared to problem-solving in today's changing world and offers greater flexibility to permit local communities to assess their problems and to implement solutions appropriate to each unique situation.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS OF 1989

The Appalachian Regional Development Act Amendments of 1989 continue for three years the highway and non-highway programs of the Appalachian Regional Commission.

The legislation is based on policies adopted by the Appalachian Governors to address the current problems of the Region and the need for expanded development activities. It allows ARC funds to be used for providing basic services to severely distressed and underdeveloped counties and areas in the Region.

The amendments would also permit funds to be used for establishing revolving loan funds for business assistance loans, for establishing business incubators such as those authorized and utilized by the Economic Development Administration, and for other purposes aimed at encouraging regionwide private investment to create and retain jobs.

Authorizations are for fiscal years 1990, 1991 and 1992 and provide $144 million annually for the highway programs and $37.5 annually for non-highway area development programs.

EXPLANATION OF THE BILL

APPLICANTS

Applicants for grants under the National Development Investment Act generally include states, economic development districts, counties, cities, towns, Indian tribes, and private or nonprofit development organizations. Although the above entities may vary in size and density, all projects must be located in areas that meet the distress requirements of poverty, unemployment, or sudden and severe distress. States, Indian tribes, smaller units of local government (less than 50,000 in population), and larger units of local government (50,000 or more in population) may apply on their own behalf. It is not necessary that the smaller or larger unit of local government be a part of an existing economic development district in order to apply for a grant. A State or an economic development district may apply for a grant on behalf of a smaller unit of government. A private or public nonprofit development organization within a large (50,000 or more in population) unit of government may apply for grant assistance with the approval of the larger unit. Economic development districts, larger units of local government, and private or public nonprofit development organizations may apply for a pocket of distress within the larger unit of local government.

The pockets-of-distress requirement and the procedure for nonprofit organizations to apply if such organizations consult with the units of government, should be applied uniformly to units of government over 50,000 regardless of their relationship to a district. A proper coordination ruled is required between the levels of government in the application process. The consultation requirement is to insure the coordination of development investment assistance and should not be interpreted to impose different standards on communities inside or outside Economic Development Districts.

COORDINATION

Economic progress is most likely to occur where all levels of government and the private sector are actively united in a long-term commitment to achieve economic self-sufficiency. The National Development Investment Act is intended to strengthen relationships between these elements by encouraging, without mandating, a high level of cooperation between the private sectors and all levels of government.

Consultation is a key to the process. The Committee's purpose for including the concept of consultation in this legislation is to assure the greatest degree of voluntary consistency in economic development efforts at all levels of government. Large units of government, which are eligible for Title II Strategy and Planning grants, are to use these resources to assist smaller units within their boundaries. Smaller units have a claim to this assistance to the extent that they desire to exercise this claim. However, should a smaller jurisdiction wish to develop its own application, it may do so after consultation.

Some witnesses have urged requiring closer coordination and consistency of grantee plans with those of a State. Others, who view development as a local matter, acknowledge the value of informing the State and other jurisdictions of local intent, but question the need for a stronger State role unless State moneys are directly involved. However, by including consultation, the Committee neither intends nor confers either expressed or implied veto authority by a larger jurisdiction.

The Committee encourages the cooperation of various jurisdictions, such as associations of counties or of communities, sometimes referred to as joint exercise of powers agreements, where various units of local government agree to pool their resources to the mutual benefit of all.

We include here cooperation among communities in different States and urge, where such communities desire, that their respective State governments bring their own resources to bear in support of these local interstate efforts.

This bill attempts to coordinate all available funding sources to promote economic development.

A viable local economy must have an appropriate mix of infrastructure components, including the necessary water supply and wastewater treatment facilities and an adequate transportation system. The Public Works and Transportation Committee is in the unique position of having jurisdiction over the authorization of many of the programs which provide these basic and necessary elements of the economic development process. The coordination of these components should be utilized to the maximum extent possible. In so doing, it is possible to create the framework necessary to leverage essential private sector investment.

In most cases assistance under this Act will be seed money which, whenever possible, should be linked with funds from a variety of other sources such as HUD, DOT, FmHA, EPA, supplemented with local, State and private moneys. When funds are coordinated and linked together they can leverage additional investment and development moneys in the community.

APPLICATION FOR GRANT

H.R. 2015 attempts to balance increased local responsibility with the ultimate responsibility of the Federal Government to monitor expenditure of Federal funds. It seeks to minimize paperwork and streamline the application process, in part through certification by the applicant that Federal requirements have been met.

The applicant is responsible for documenting the distress criteria contained in Section 105 and for obtaining other legal assurances necessary to comply with local, State and Federal laws.

The Secretary must, however, retain the power to approve grants, select among applicants, waive Federal matching requirements and other powers necessary to ensure Federal accountability.

Section 104(b) sets forth the criteria by which the Secretary shall evaluate applications. This provision ensures that only those applications with the greatest potential for success will be funded in order to ensure a greater return of the taxpayer's investment and the prudent use of scarce dollars.

DISTRESS REQUIREMENTS

This legislation responds to the criticism of the current programs' overdesignation three ways.

First, it abolishes the process of the existing program by which the Federal Government designated areas that became permanently designated. The new bill requires applicants to demonstrate with each application that they meet the distress criteria.

Second, H.R. 2015 tightens the eligiblity criteria to target assistance to areas of distress as measured by objective, widely accepted criteria. The Committee recognizes the difficulty of adequately defining "distress" through uniform criteria. For the purpose of job-creating legislation, the Committee defined distress as unemployment 1 percent above the national average over the most recent 24-month period or per capita income 80 percent or less of the national average. Testimony at hearings on the legislation maintained that the per capita income criterion also measured underemployment. The Department of Commerce informs the Committee that, based on recent statistics, 39.7 percent of the population would be eligible under these two criteria.

Third, H.R. 2015 requires assistance be confined to distressed areas, regardless of which level of government is the applicant. Under current law a county or city, if it meets distress criteria, can locate a project anywhere within its boundaries; in contrast under the new legislation project location is confined to the area of distress.

Distress is not necessarily limited to a unit of government. This legislation provides that assistance may be targeted to pockets of distress within cities and counties with a population of 50,000 or more. In this way assistance can reach areas of need which are part of a more healthy unit of government. Thus, an application may be made on behalf of a smaller area within a city. In such cases the project must be located in the distressed area to ensure continuity with larger economic development efforts. Consultation with the unit of local government is required, in this case.

The Committee directs the Secretary to allow maximum flexibility in delineating pockets of distress. However, such pockets should include contiguous census tracts, possess similar social and economic characteristics and be of sufficient size to be addressed in an investment strategy. Precise population boundaries for pockets of distress must be related to the overall population of the larger unit of government, the degree of distress and the strategy's approach to the problems of the area. Guidelines that include up to 10 percent of the population of the parent unit or at least 10,000 whichever is smaller and more appropriate to the area, would be a reasonable standard in defining pockets of distress within communities of 50,000 or more. No pocket may contain a population of less than 5,000. It is not the Committee's intent that the boundaries of an area be limited or so tightly drawn as to provide a disproportionate share of funding for pockets of distress.

Some concern has been expressed that an otherwise eligible area might be denied assistance simply based on the fact that the area is located in a region or State which has a low level of unemployment or a high per capita income. The Committee wishes to make clear its intent that there be no discrimination in assistance to these areas. No eligible area which meets the distress requirements of the bill should be denied assistance based on the fact that the area is located in a region or State which has a low level of unemployment or a high per capita income.

To ensure statistical uniformity, all applicants must use comparable formulas and methodologies when compiling their statistical information. As stated in section 105(b), documentation supported by Federal data is preferred. When Federal data are not available, State data must comply with the standards set forth by the Secretary.

DEVELOPMENT INVESTMENT STRATEGY

The Development Investment Strategy is the central feature of this bill. Rather than perpetuate the project-by-project approach of current law, which leads to unrelated projects, the bill requires the applicant to draft a long-range schedule of investment in mutually supporting projects which will harness existing resources and build a sound economic base. The strategy is not a planning document as was the case with the Overall Economic Development Plans (OEDP's) under existing law. It is to be a realistic action document to be put into effect, not left on the shelf.

The strategy is to identify the area's economic development problems; inventory past, present and projected future investments (including those from State and other Federal programs), and public and private participations and sources of funding; establish a timetable of investment; and describe in precise detail the costs, sources and schedule for those elements of the strategy for which assistance is sought in the application. Special attention should be given to the linkage between this and other Federal and State programs and the leveraging of private funds.

Section 106(a)(3) sets forth elements critical to economic development. These elements are (1) availability of developable land and space; (2) public works, public service, and development facilities; (3) availability of low-cost capital; (4) tax policy on investments in the area; (5) level of skill of the labor force, and (6) ability of State and local governments to provide financial assistance in the management and implementation of the strategy.

Many distressed areas lack at least some of these factors and require Federal assistance to build the infrastructure which is necessary to support industrial growth. The strategy may seek funding for one or all of the first three factors. The last three are more the province of the local community or may be obtained through supplemental assistance from State and Federal sources.

That portion of the strategy which describes the projects or activities for which funds are sought in the application should be as specific as possible. In this single document the applicant may apply for assistance for any of the eligible activities under this Act, including grants for infrastructure, technical assistance, and revolving loan funds to promote small business growth or set up employee stock ownership organizations. It should offer a timetable of when the construction will start on a project or when a particular activity will take place and include the completion dates for the projects or activities funded under the bill. The strategy should contain a separate section for the elements to be funded under this legislation in order to distinguish it from other development investments in the strategy and to determine the total cost of the investment for which assistance is being requested.

Sufficient detail must be provided on the basis of which project costs were developed. Certification of the non-Federal 50 percent share, including written commitments regarding private investment, must be given. Since this bill does not provide additional grants for the same project, the applicant must demonstrate an ability to complete the project or cover cost overruns should they occur. A timetable showing the project can be completed within a reasonable timeframe must be included.

The Committee has established a timetable in the legislation for administering Title I and Title II grants. The major grant assistance under Title I is to be divided into two rounds of funding. The first round requires that between 50 percent to 60 percent of Title I funds be obligated not later than May 31 of the fiscal year. The balance is to be obligated by the end of the fiscal year. This procedure will help curtail end-of-year spending sprees and minimize inflationary cost overruns from project delays.

Ninety percent of planning funds under Title II shall be obligated by December 31 of the fiscal year. The remaining funds are reserved for unforeseen cases of sudden and severe distress. By expending these funds early in the fiscal year, financial certainty will give applicants a reasonable lead time to prepare grant applications and meet the requirements of a Development Investment Strategy.

Grants approved and obligated under Title I of H.R. 2015 are not to remain undisbursed or partially disbursed for long periods of time. The administering agency is to establish procedures for the de-obligation of grants when, after passage of a reasonable period of time, it is determined that the project cannot go forward for any reason. The bill permits funds to remain available until expended so that they can be de-obligated and re-obligated without the constraint of one-year funding. A project included in the strategy may be substituted for a halted one if the reason for the halt was beyond the control of the applicant.

PARTICIPATION BY SOCIALLY AND ECONOMICALLY DISADVANTAGED FIRMS IN THE DEVELOPMENT INVESTMENT STRATEGY

The bill requires that the Development Investment Strategy contain an outreach program, delineating opportunities for minority businesses to fully participate in the community's Economic Development Strategy. For example, it should reference participation in the planning process, as well as identify training and contracting opportunities or other investment programs to enhance the role and economic future of socially and economically disadvantaged business concerns. The applicant is encouraged to support firms owned and operated by women qualified under Section 8(d) of the Small Business Act. Nothing in this bill should be construed to diminish the participation of firms owned and operated by women in the development process.

To ensure that this measure provides sufficient flexibility to allow communities to develop an investment strategy suited to their unique needs, no fixed percentage of minority participation is assigned to this program. This is to encourage greater minority participation in communities which have a higher concentration of minority business and at the same time to recognize that communities with smaller percentages of minority businesses will necessarily reflect a lesser share of minority participation. The investment strategy should include a program to ensure active participation by minority businesses, but it is not intended to impose arbitrary and unreasonable quotas on communities having a small minority population.

A typical strategy will include a variety of development projects and resources. In such cases, this requirement should not be construed to mean a fixed percentage of participation must be identified in every phase. Compliance may be demonstrated in a number of ways including, but not limited to, a percentage of construction grants awarded to socially and economically disadvantaged firms, or the establishment of a revolving loan program, with a respective percentage of loan moneys targeted to minority businesses.

PRIVATE SECTOR LEVERAGE

A major improvement of the National Development Investment Act calls for greater private sector involvement in a community's Economic Development Strategy. The private sector is expected to be an active partner in contributing to the economic stability of an area. It is the ultimate generator of employment and economic growth and therefore a commitment of private investment in a distressed area is essential for the economic development process to be activated. The private sector has the managerial, financial and technical resources needed to deal most effectively with economic development. The essence of public/private partnerships is that both government and business must work together—must cooperate—if we are to have any chance of adequately encouraging economic recovery.

The Secretary is therefore directed, in selecting among eligible applicants, to award a high priority to the ratio of private sector investments committed to the strategy. The Committee intends the private sector investment to be related to the overall development strategy; it need not be part of a specific project.

This linkage is critical in judging the potential success of an investment strategy using Federal dollars. If grants and loans simply create an appealing environment for private sector participation, there are no assurances of long-term solutions to the causes of economic distress. The results in this situation are temporary. The Committee seeks to encourage up-front commitments from the private sector in order to reverse the downward economic spiral in distressed communities.

The Secretary may find during the course of judging eligible applicants, that the leveraging ratios between rural and urban areas vary considerably. The Secretary shall make a distinction between applications from rural and urban areas so that the leveraging ratio is appropriate to the economic capabilities of each applicant. To allow for differing situations, the Committee has not required a fixed ratio of private to public funds.

Latitude is especially necessary for Indian tribes. Where private businesses exist on Indian reservations, they must be encouraged. However, the Committee recognizes that the private sector on reservations may not at present have attained the same strength as similar enterprises in other communities, and that the strong showing of private involvement which is required in the application may not be available on Indian reservations.

Therefore, while a showing of private involvement is encouraged, the Secretary may use his judgment in determining the adequacy of such showing, and shall not place Indian reservations at a competitive disadvantage because they do not match the public/private ratio of other applicants.

To prevent the loss of limited grant dollars and scarce local resources, the Secretary is directed to require certification by the private investor as to the amount and type of investment to be made in the distressed area.

REVOLVING LOAN FUND

To properly implement a Development Investment Strategy, each community must address its own unique combination of distress factors. The problems of the developing rural areas are distinctly different from those of the deteriorating urban centers. Distress in some areas results from the slow decaying of the economic base, while in other areas it is the result of a sudden economic dislocation.

One of the essential components necessary for economic development and diversification is the availability of adequate "seed capital" for small businesses. Under this Act, a distressed community can apply for a grant of up to $1 million for the establishment of a locally administered revolving fund, which could be used to retain existing businesses or stimulate new enterprises.

It is not the purpose of this Act to provide funds which would compete with private lending institutions, but instead, these funds are to provide or attrach capital which would not otherwise be available for economic development in the locality. While it is expected that these loans will carry greater risks than normal banking practices allow, sound banking principles must be maintained with appropriate terms, conditions and safeguards for the repayment of loans.

In order to be eligible for a grant to establish a revolving loan fund, a community must demonstrate to the Secretary that it can provide the necessary loan management capability. These loans are only for the purpose of economic development, and lending should be directed to small businesses which historically generate the greatest number of jobs. To insure maximum Community flexibility, the Committee has not defined "small business" in terms of number of employees, dollar volume or market share. The Committee intends that grantees have some latitude in defining small business and utilizing revolving loan funds to retain indigenous firms which may not be strictly construed as small business. The more effective use of these funds requires that the lending be targeted to the businesses most likely to have a long-term economic impact on the community. Borrowers must utlilize the loan proceeds in distressed areas.

The local community is required under this Act to furnish a report to the Secretary at least semi-annually on its lending practices. While the Department of Commerce will play no role in selection or overseeing of individual loans, certification must be provided to the Secretary that the community will adhere to Federal requirements such as nondiscrimination, nonrelocation and environmental regulation. When appropriate, local certification should provide a plan to insure that economically and socially disadvantaged firms will participate in the development process.

States may apply for revolving loan funds as long as these funds are invested in distressed areas. This provision is especially important where Districts cover most or all of a State.

EMPLOYEE STOCK OWNERSHIP

Assistance for the establishment of revolving loan funds to promote employee stock ownership—particularly employee purchases of plants or firms which otherwise would be shut down—is provided under the Act.

The bill responds to the needs of employee purchasers to have access to capital and technical assistance. Financial assistance is provided with the stipulation that priority will be given to those ventures which involve employee acquisition of majority interest in a firm. Such a Federal commitment will be crucial in leveraging private credit in many cases.

Two provisions in the bill are intended to forestall possible conflicts if employee-owners are not given input in the management of their own business. First, voting rights must accompany stock which is allocated to employees under any assisted plan; and, second, periodic reviews are required of the role, in the management of the concern involved, of employees to whose account stock is allocated.

The Committee recognizes that employee-ownership is not a panacea for business failures and that the availability of technical assistance will often be critial to the success of any employee-ownership venture. The Committee wants to emphasize that the technical assistance provisions under the Act can be utilized to determine, among other things, whether a particular employee-ownership venture is likely to succeed. Such a determination is crucial, not only to the agency which must decide on the best use of Federal resources, but also to the employees who are called upon to stake their economic future (and often some of their own savings and earnings) on a venture's success.

LIMITATIONS

A limit of $4 million is placed on the total amount of funds any applicant may receive in a given year for the implementation of any development investment strategy. It is the intent of this provision that no area be given unfair advantage by being permitted to apply for disproportionately large amounts of limited development grant funds. The Committee intends that all communities, large and small, be on equal footing in the grant application process.

Because of changing economic conditions from one year to another, the Committee has not required a fixed ratio for obligating funds to urban and rural areas. The Committee leaves that judgement to the Secretary, recognizing that some latitude for adjusting the ratio is necessary from year to year. It is not Committee intent, however, that the ratio be such as to give one area an unfair advantage over the other. The Committee believes that a balanced program of economic development must promote economic stability and create regional; and local economies capable of supporting investment and job creation in both urban and rural areas.

INVESTMENT STRATEGY PLANNING

The Committee recognizes the importance of planning, particularly in this time or reduced Federal funds.

Under Title II, the Committee makes a distinction between planning and strategy development, although both functions are performed from the same grant. Planning is viewed as serving a broader purpose than strategy development: it enhances the public sector's capacity to support economic growth. Administrative expenses would be covered under planning. Strategy development grows out of the on-going planning process, and is a prerequisite for seeking Title I grants.

The bill authorizes States, Economic Development Districts, Indian tribes, and other units of government located outside districts meeting the distress requirements to apply for strategy and planning grants under Title II.

Cities and counties of over 100,000 within districts may seek funds to prepare a Development Investment Strategy. Most governments of this size have planning resources which might be supplemented in this way. This should not be interpreted to allow counties and cities presently included in Economic Development Districts to withdraw in order to apply for their own planning funds. Rather, the Secretary is encouraged to look unfavorably on an applicant for planning assistance who has recently withdrawn from an Economic Development District.

Recipients of grants under Title II are to use these funds to help their subjurisdictions not only in the application process but when the projects are completed, with marketing/management assistance, feasibility studies and other technical or financial assistance.

The Committee intends that planning performed under this Act be initiated at the local level, with units of local governments and Economic Development Districts actively participating in the preparation of the State plans. State plans should reflect and be consistent with sub-State plans.

On the other hand, many States have their own development programs, and a broad range of resources which they can harness to assist and complement activities performed under this Act. We therefore anticipate that local efforts will harmonize with State goals so the State and local programs are consistent, and so that State economic development resources can be fully utilized by sub-State jurisdictions.

This assistance is intended to avoid duplication and make the best possible use of existing resources. In cases where it is economic and desired by local governments, new districts may be formed, but these should not overlap with existing Economic Development Districts as defined by this Act, and the Secretary should support existing districts in cases where funds are limited. Changes in existing districts must be initiated by the district.

ECONOMIC DEVELOPMENT DISTRICTS

The Committee believes that the work of the Economic Development Districts funded by the Act is one of the most lasting benefits of the Economic Development Administration, particulary in small metropolitan and rural areas. Twenty-four years after enactment of the Public Works and Economic Development Act, poverty and lack of opportunity continue in many rural and urban areas. Districts are an essential resource for communities working to encourage long-term economic diversity and stability.

Development districts provide the mechanism by which governments, businesses and citizens join together and take action to improve their regions. Under the new legislation, districts will provide the vehicle for creation of the Development Investment Strategies just as they have produced Overall Economic Development Plans (OEDP's) under existing law. Development districts under both EDA and the Appalachian Regional Commission provide the professional assistance to small governments, small businesses and nonprofit organizations which would not otherwise be available in distressed areas. The Economic Development Administration should continue to use the Development Districts as the Federal link to the local level in small metropolitan and rural America.

INDIAN TRIBES

Indian tribes meeting the distress criteria under section 105 may apply for grants under Titles I and II. The Committee recognizes the special trust relationship that exists between the Federal government and Indian tribes. While this relationship carries with it no additional rights on the part of Indians, implies priority claim or eligibility, the Secretary is directed, whenever requested, to provide the full range of assistance to Indian tribes in preparation of applications and in follow-through, performing for these tribes the same services as States and districts provide their sub-jurisdictions. Indian tribes should be considered for evaluation and demonstration activities conducted by the Secretary. The Secretary should also include tribal leaders in consultations performed under Section 303.

ORGANIZATION

The National Development Investment Act makes significant changes in the manner in which funds are obligated and institutes a number of new elements for economic development. The organizational structure established to administer this bill and augment local expertise is important to its successful implementation.

The Committee urges the Department to make Federal officials available in the field at the local level, to help applicants understand strategy development and how the various Federal programs can be coordinated to enhance development.

Since program accountability is specifically provided for in this bill, the Committee expects the Secretary to maintain a field and regional structure, not only as a resource for strategy development but also to assist where possible in the program's oversight and monitoring functions.

The Administration is to consult with the Committee prior to promulgating the rules and regulations necessary to implement the National Development Investment Act. This will facilitate efficient administration and insure Congressional intent in the implementation of the Act. In addition the committee strongly urges that the knowledge, capability and human resources of the existing headquarters and field structure of the Economic Development Administration be utilized in implementing this prgoram.

ACCOUNTABILITY

Section 311 requires that each grant recipient maintain detailed records verifying how the funds have been spent and also transmit reports to the Secretary by January 11 and July 11 each year providing information on all activities related to the project. The January report is to include an audited statement of all funds expended, prepared in a manner consistent with the Single Audit Act of 1984, as amended, or agency regulations governing the audit of non-profit organizations receiving Federal financial assistance.

The Committee intends that the Secretary review compliance with program requriements and the efficiency, economy and effectiveness of the projects carried out by grantees, paying particular attention to weaknesses revealed by the audit and review reports submitted. The Committee urges the comptroller General to vigorously exercise his traditional oversight responsibility of implementation of the Act and of activities undertaken by both the Secretary and the grant recipients. The Secretary and the Comptroller General are given broad access to all records related to the programs and the authority to carry out their responsibilities under this Act.

The Secretary shall avoid burdening recipients with excessive costly and time-consuming paperwork which detracts from the agency's main mission of creating jobs.

APPALACHIAN REGIONAL DEVELOPMENT

This legislation extends for three years the Appalachian Regional Development Act to allow the continuation of the area redevelopment programs and the construction of the development highway system. Since its inception in 1965, the programs of the Commission have significantly contributed to the economic revitalization of Appalachia by improving basic facilities and providing the necessary infrastructure to move the Region toward its long-term goal of self-sufficiency. In addition to the roads, water systems, health services and other public facilities obtained through these funds, the cooperative partnership between the Federal government and States has been critical to encouraging local initiative and private development. The Appalachian partnership has been a model of sharing power and responsibility among Federal, State and local governments that has worked to the satisfaction of all parties.

Several statistical measures reflected meaningful gains in the Region from 1965 to the early 1980's relative to the nation as a whole. The percentage of people living in poverty moved down; outmigration declined and population increases were in line with the national rate; jobs were created and private sector employment opportunities became more diverse. However, technological changes and adverse economic events of the early 1989's hit Appalachia's mining and manufacturing industries especially hard reversing many of the earlier gains and making the Region vulnerable to changes in national and world markets and the impact of the nation's high trade deficit. At the same time, Appalachia suffered the same problems as other rural areas of the nation.

In December 1987, the Subcommittee on Economic Development held a hearing in Steubenville, Ohio to hear about the state of the economy in Appalachia and to review development programs being implemented by the Commission. Testimony revealed that unemployment levels continued to be generally higher than the national average; that per capita income which had edged close to U.S. norms in 1976 was declining steadily relative to the rest of the nation; that in many parts of the Region, outmigration was again on the increase and the poverty rate had stopped declining; that serious problems existed with high school dropouts and adult illiteracy; and that many areas still had only the most basic health care. The story was not all negative, however. Testimony also reflected the positive impact of Commission programs on every aspect of the Region's economy. Signs of partial recovery were evident. Some areas had achieved strong, diversified and stable economies and were closing the gap with the rest of the nation. In addition to the development highway program and an emphasis on job creation and retention, projects were addressing development and human resource needs so important to the quality of life in Appalachia.

The Commission must, however, contend with many deep-seated and complex problems in its struggle to help the Region meet the challenge of changing national and global economies that face our whole country. As a result, the Appalachian Governors, who had been following the recommendations of the so-called "finish-up program" requested by the Congress in 1981, more recently have determined that changes in some aspects of the ARC area development activity should be made in order to complete its mission. The Governors have established certain principles for an ongoing program designed to meet regional needs with reduced levels of funding. This legislation in part addresses that effort.

A major element of the Governor's plan is to complete the highway corridor program as quickly as possible. Approximately two-thirds of the 3,000 mile system is currently completed; however, the Commission estimates that, at current funding levels, the system will not be finished until at least the year 2065. The evidence is clear that development highways and access roads have been and will continue to be a great catalyst for growth in the Region. The Commission stated that from 1989 to 1986, 81 percent of the new jobs created were in counties with either a completed Interstate highway or completed Appalachian corridor. The Committee notes the importance of completing Corridor T in New York. Completion of this project to Interstate standards will benefit commerce, industry, tourism and recreation in the northern part of the Appalachian Region.

The bill authorizies $144 million annually for 1990, 1991 and 1992 for construction of the additional miles in the development highway system.

Other elements of the Governors' program focus on technical assistance, revolving loan fund activities and other strategies aimed at promoting business and industrial development and community infratructure to broaden the regional economy and make it more competitive in world markets. Human development initiatives are also emphasized and include educational opportunities and health care, improving workplace literacy and basic skills, school dropout recovery and prevention. Assistance also will continue for the most distressed and underdeveloped counties, which often lack the financial and technical resources for providing basic public services such as safe drinking water and waste disposal. The legislation would authorize $37.5 million annually for 1990, 1991 and 1992 and for the Commission's non-highway program efforts.

Lt. Governor Paul Leonard of Ohio stated, during the December 1987 hearing in Steubenville, that,

> . . . eventually, we've going to be in a position where we can stand on our own two feet . . . But as we go through the latter part of the 1980's, and enter the 1990's, we would ask you to be a partner with us for just a little while longer while we get our programs underway.

The Committee does anticipate that the Appalachian Regional Commission programs will be phased out in a manner consistent with proposals of the Appalachian Governors. The Committee supports the Commission's current effort to meet the new challenges created by changing economic conditions, especially the initiatives aimed at increasing private support and investment in the area. Greater contributions from individuals and corporations who have benefited from resource production in Appalachia should strengthen the public-private partnership in the Region during its completion efforts and continue building that partnership after the termination of ARC.

Section-by-Section Analysis

A bill to amend the Public Works and Economic Development Act of 1965, and the Appalachian Regional Development Act of 1965.

TITLE I—NATIONAL DEVELOPMENT INVESTMENT

Sec. 101. Short title

Defines title I as the "Public Works and Economic Development Act Amendments of 1989".

Sec. 102. Amendment to Public Works and Economic Development Act of 1965

The Public Works and Economic Development Act of 1965, is amended as follows:

"Sec. 1 Short title and table of contents

"(a) Short Title.—National Development Investment Act
"(b) Table of Contents—

"TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

"Sec. 101. Findings and purposes.
"Sec. 102. Development investment assistance.
"Sec. 103. Qualifying applicants and limitations on locations of projects.
"Sec. 104. Application for grant.
"Sec. 105. Distress requirements.
"Sec. 106. Development investment strategy.
"Sec. 107. Limitations on revolving loan funds.
"Sec. 108. Federal share.
"Sec. 109. Limitations.
"Sec. 110. Community development corporations.
"Sec. 111. Obligation of funds.
"Sec. 112. Authorization of appropriations.

"TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

"Sec. 201. Investment strategy and planning
"Sec. 202. Evaluation and demonstration.
"Sec. 203. Federal share.
"Sec. 204. Obligation of funds.
"Sec. 205. Authorization of appropriations.

"TITLE III—ADMINISTRATION

"Sec. 301. Definitions.
"Sec. 302. Appointment of assistant secretary.
"Sec. 303. Consultation with other persons and agencies.
"Sec. 304. Administration of assistance.
"Sec. 305. Powers of the Secretary.
"Sec. 306. Certification.
"Sec. 307. Savings provisions.
"Sec. 308. Annual report.
"Sec. 309. Prevailing rate of wage.
"Sec. 310. Record of applications.
"Sec. 311. Records and audit.
"Sec. 312. Nondiscrimination requirements.
"Sec. 313. Authorization of appropriations.

"TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

"Sec. 101. Findings and purposes

"(a) FINDINGS.—States findings of Congress to be:

"That historical and structural economic patterns have brought about disparate economic conditions in the United States; that some communities and areas suffer from substantial and persistent unemployment and under-employment; that among those most severely affected by economic distress caused by structural problems, severe dislocations, or cyclical downturns, are the socially and economically disadvantaged individuals from groups suffering the effects of past and present discrimination; that our trade deficit has increased to serious proportions while our export of manufactured goods has dropped dramatically and our export of industrial jobs has reached an alarming level; that the private sector is the generator of employment an growth but the public sector must reverse infrastructure neglect; that development of a public-private sector partnership to plan and implement development and adjustment activities to ease this distress is in the national interest; and that coordinating and delivering Federal assistance to economically distressed areas and industries and groups within these areas is crucial to the health of the nation.

"(b) PURPOSES.—States Congress declares purposes of the Act are:

"(1) To provide Federal aid to distressed areas in planning and financing public works; in promoting business assistance and development activities to foster long-term employment opportunities for the unemployed and underemployed; and benefiting the socially and economically disadvantaged, by stimulating private investment through Federal assistance;

"(2) To make the Nation's industrial and commercial resources more competitive nationally and internationally;

"(3) To build, rehabilitate and repair public infrastructure where there is inadequate support and encourage private investment;

"(4) To rely upon State and local governments' capacity to direct their own destinies; and

"(5) To foster coordination of resources between the public and private sectors for maximum investment in long-term economic vitality.

"Sec. 102. Development investment assistance

"Authorizes the Secretary to make grants to applicants qualifying under section 103, for construction, repair, rehabilitation and improvement of public facilities including site preparation measures and the acquisition of land; for revolving loan funds for establishment and growth of business and retention of firms contributing to retaining and expanding jobs; for establishing revolving loan funds for employee stock ownership organizations to prevent economic dislocation, facilitate economic adjustment or contribute to economic diversity and vitality; and to provide technical assistance.

"Sec. 103. Qualifying applicants and limitations on locations of projects

"Applicants may be States, units of local government, economic development districts, Indian tribes, cities or counties with a population of 50,000 or more, and private or public non-profit organizations within an area of 50,000 or more, for areas which meet at least one of the distress criteria.

"A city or county of 50,000 or more population not meeting the distress criteria may apply for a pocket of distress within such city or county if the area meets at least one of the distress criteria.

"Provision is also made for consultation and cooperative preparation of grant applications for smaller units of local government.

"Sec. 104. Application for grant

"Requires an applicant to include local certification of distress and assurances of responsibility to adhere to Federal laws for program and fiscal accountability. The application components include: local certification, a development investment strategy outlining the economic problems and steps to address local need, and a request for assistance. Factors to be considered by the Secretary in judging among applications include: severity of distress, ratio of private sector commitment, degree of supportive State and local government action, potential for addressing the economic problems as identified through the strategy and the extent that the strategy and activities contribute to long-term economic growth and private sector employment. Prohibits assistance for relocation of industrial or commercial plants and facilities unless such relocation will not significantly and adversely affect unemployment in, or the economic base of, the area of original location.

"Sec. 105. Distress requirements

"Makes applicants eligible for grants for projects located in areas meeting one or more of the following distress requirements: (1) per capita income 80 percent or less than national average; (2) unemployment rate 1 percent above the national average over the most recent 24-month period; (3) has or is about to experience a sudden rise in unemployment.

"Distress must be supported by Federal data when available and in other cases by State data. The most recent data must be used.

"Sec. 106. Development investment strategy

Outlines elements to be included in a development investment strategy: (1) must identify the economic problems; (2) give past, present and future investments in the area and their sources; (3) take into account available land, public facilities, availability of capital, tax policy on investments, skill of the labor force and the ability of State and local governments to provide financial assistance; (4) address ways to solve the problem; (5) identify the projects and benefits of proposed projects; and (6) list public and private resources to be available for projects. Local units of government must consult with State or district in preparation of investment strategy; and (7) demonstrate a representative percentage of participation by minority business.

"Sec. 107. Limitations on revolving loan funds

"Revolving loan funds established under section 102(a) may only be used for initial or working capital or purchase, rehabilitation or expansion of facilities and equipment and when a small amount of capital is needed to complete financing in order to retain small businesses. Applicants must meet distress requirement and loan funds must not be available from other sources. Grants cannot exceed $1 million. Applicants must give assurances that the loan will be repaid, that the funds will be available only for new loans, and that the grantee will administer the fund. The Secretary is to consider the past performance of administrators in awarding grants.

"Sec. 108. Federal share

"Authorizes up to 50 percent of cost of projects. Additional grants from revolving fund may not exceed amount equal to one-third of funds available from all other sources. The Secretary may waive or reduce the non-federal share for Indian tribes.

"Sec. 109. Limitations

"Limits any one State to not more than 15 percent of funds under this Title. Expenditures to Indian tribes in any State are not counted against this limitations. Limits amount which can be obligated to any one applicant to $4,000,000 in any one fiscal year, except for establishment of qualified employee ownership organizations.

"Sec. 110. Community development corporations

"The Secretary may make grants to community development corporations to assist small businesses by reducing interest rates, the aggregate amount not to exceed $10 million in any fiscal year.

"Sec. 111. Obligations of funds

"The Secretary must obligate between 50 to 60 percent of funds appropriated under this Title by May 31 and the remaining funds by September 30.

"Sec. 112. Authorization of appropriations

"Authorizes annually $200,000,000 for fiscal years 1990, 1991, and 1992. Not more than 25 percent of amount appropriated shall be expended for grants to establish revolving loan funds.

"TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

"Sec. 201. Investment strategy and planning

"Authorizes the Secretary to make grants for planning, development investment strategies and administrative expenses to States, districts, Indian tribes, counties outside of districts, and cities of 50,000 population or more outside of districts that meet the distress requirements. The Secretary may make grants for the preparation of a development strategy for local governments having a population of 100,000 or more, if the area meets the distress criteria and consults with any Economic Development District within its boundaries. State plans prepared under this section must have active participation of local governments and districts. Other development plans must be consistent with the State plans. Requires coordination of funds and encourages cooperative planning and economic development.

"Sec. 202. Evaluation and demonstration

"Authorizes the Secretary to conduct evaluations of economic development efforts to determine causes of economic distress and to formulate new efforts to promote economic development. The Secretary may conduct demonstrations to test new ways to increase productivity and growth to make the steel and related industries more competitive, to encourage use and development of innovative technology and research, to match the labor force with projected labor markets to improve U.S. competitiveness and encourage economic diversity and regional balance. The Secretary is required to report to Congress the results of these demonstration programs within 90 days after their completion. The Secretary is also authorized to make grants to colleges, universities, and other organizations to establish and support programs providing management and technical assistance to businesses and local governments.

"Sec. 203. Federal share

"The Federal share of grants for planning, preparation of a development strategy or for management and technical assistance may not exceed 75 percent. The non-Federal share for grants to an Indian tribe may be reduced or waived by the Secretary.

"Sec. 204. Obligation of funds

"The Secretary must obligate 90 percent of funds for the fiscal year for planning and development strategies by December 31. Ten percent is set aside to cover sudden and severe economic dislocation.

"Sec. 205. Authorization of appropriations

"Authorizes $50,000,000 per fiscal year for 1990, 1991 and 1992. Up to $13,000,000 in fiscal year 1990 and up to $15,000,000 in each of fiscal years 1991 and 1992 shall be available for purposes of section 202.

"TITLE III—ADMINISTRATION

"Sec. 301. Definitions

"Defines for the purposes of the Act the terms economic development district, jurisdictional area, Indian tribe, Secretary, qualified employee ownership organization, small business concern, State, and unit of local government.

"Sec. 302 Appointment of Assistant Secretary

"Provides for the appointment of an Assistant Secretary of Commerce.

"Sec. 303. Consultation with other persons and agencies

"Authorizes the Secretary to call together and confer with any persons who can assist in meeting the problems of area and regional unemployment and underemployment. Provides for consultation by the Secretary with other interested departments and agencies.

"Sec. 304. Administration of Assistance

"Provides that no assistance shall be approved under the Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

"Sec. 305. Powers of the Secretary

"Establishes administration powers of the Secretary including holding hearings; requesting material from other executive departments and agencies; acquiring property; and includes the right to sue and be sued and to establish rules, regulations and procedures.

"Sec. 306. Certification

"Permits the Secretary to discharge his project responsibilities by accepting a certification from the applicant. The Secretary may also rescind his acceptance of such certification.

"Sec. 307. Savings provisions

"Authorizes actions by or against the Economic Development Administration to be maintained by or against the Secretary or such other officer of the Department of Commerce as may be appropriate. Provides that all rules, orders, and other actions taken under the Public Works and Economic Development Act shall remain in effect until modified or rescinded by the Secretary.

"Sec. 308. Annual report

"Requires the Secretary to make an annual report to the Congress.

"Sec. 309. Prevailing rate of wage

"Prohibits the Secretary from extending any financial assistance to construct any project under the Act without first obtaining assurances that construction laborers and mechanics will be paid prevailing wages in accordance with the Davis-Bacon Act.

"Sec. 310. Record of applications

"Requires the Secretary to maintain a permanent record of all applications approved for financial assistance.

"Sec. 311. Records and audit

"Requires each recipient of assistance to keep records prescribed by the Secretary in order to permit an effective audit. Also requires recipients to transmit a report by January 11 and July 11 each year to the Secretary. The January report shall include an audited statement of funds spent during the preceding year which must be in accordance with the Single Audit Act of 1984, as amended, or agency regulations governing audit of nonprofit organizations. Gives the Secretary, the Comptroller General of the United States, or any of their authorized representatives access to all books, documents, and papers of recipients of assistance under the Act.

"Sec. 312. Nondiscrimination requirements

"Provides that the Secretary cannot discriminate for or against qualified applicants on basis of urban or rural location nor create separate fund allocations for urban or rural areas unless based on relative levels of distress, nor deny applicant because project is located in a State with low unemployment.

"Sec. 313. Authorization of appropriations

"Authorizes an appropriation for salaries and expenses of $26,000,000 per fiscal year for each fiscal year 1990, 1991, and 1992. Funds to remain available until expended unless otherwise provided by appropriations acts."

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Sec. 201. Short title

Cites title as "Appalachian Regional Development Act Amendments of 1989."

Sec. 202. Findings and purposes

Amends section 2, the statement of purpose, of the Act to make clear that ARC funds may also be used for investments in severely distressed and underdeveloped counties that lack financial resources to provide basic services. Also adds a new subsection in which Congress makes the finding that, while substantial progress has been made in reaching the objectives of the Act, changing national and global economies over the past decade have created new problems for rural areas and especially for Appalachia. These problems are not only to provide the infrastructure necessary for economic and human resource development, to develop industry and diversify the regional economy, but also to make Appalachia's industrial and commercial resources more competitive in national and world markets. The purpose of this Act is to provide a framework for coordinating Federal, State, and local initiatives to respond to the competitive challenge through improving manpower skills, applying new technologies for the region's businesses and improving access of the region's businesses to the technological and financial resources necessary to their development, while continuing to provide basic services for the more disadvantaged areas of the region.

Sec. 203. Authorizations for administrative expenses

Amends section 105(b) of the Act to authorize funds for administration expenses of the Commission including the Federal Cochairman and his staff: $3,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.

Sec. 204. Extension of lease terms

Amends section 106(7) of the Act to extend authority to lease offices until 1992.

Sec. 205. Highway system

Amends section 201(g) of the Act to authorize $144,000,000 per fiscal year for each of fiscal years 1990, 1991 and 1992. Increases the maximum federal share from 70 to 80 percent for reimbursement of state pre-financed projects approved after March 31, 1979.

Sec. 206. Definitions

Amends section 214(c) to include in definition of grant-in-aid programs eligible for supplementation, programs authorized on or before October 1, 1993. It also makes chear that those programs for highway and road construction under Title 23 U.S.C. are ineligible for supplementation through section 214.

Sec. 207. Program development criteria

Amends section 224(a) to include as eligible for assistance under section, programs or projects in severely distressed and underdeveloped counties or areas lacking resources for basic services.

Sec. 208. Removal of limitation

Removes limitation in section 224(b) prohibiting assistance for financing industrial plants, commercial facilities, machinery, working capital, or other industrial facilities or to enable plant subcontractors to undertake work previously performed in another area by other subcontractors of contractors.

Sec. 209. Maximum Federal share

Adds a new subsection (d) to section 224 which limits grants to 50 percent of the cost of non-highway projects, but allows the grants to be used to increase the Federal share of the project costs as the Commission determines appropriate.

Sec. 210. Grants for administrative expenses and demonstration projects

Amends section 302(a)(3) by expanding technical assistance grants the Commission may make available: to include technical assistance for business development and stabilization, and application of technologies and productivity improvements; to include in training programs on-site employee training and programs to upgrade employability of the region's people; and to include in demonstration programs, demonstrations of service consolidation and methods of increasing efficiency of local governments, the establishment and operation by States, public agencies or nonprofit organizations of revolving funds for business assistance loans, establishment of business incubators, provision of industrial facilities, and equipment by public agencies and nonprofit organization on terms approved by the Commission and the acquisition and development of land. In the latter instances, terms of such assistance would be required to include recovery of grant funds in the event of resale.

Adds sentence to section 302(b)(1) to make clear that funds in energy enterprise loan funds established under the previously existing authority of section 302(b)(1) can be used for the purposes of section 302(a)(3) including those authorized by these amendments, thus permitting the conversion of the funds provided for the old, narrower purpose to the new purposes. Such conversions would be conditioned upon Commission review and approval.

Sec. 211. Authorization of appropriations for general program

Amends section 401 by extending authorizations of the non-highway programs under the Act for three years through fiscal year 1992 and authorizes appropriations of $37,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.

Sec. 212. Extension of termination date

Amends section 405 by extending the termination date for all sections of the Act except 201, the Highway program, from October 1, 1982 to October 1, 1992.

STATEMENT TO COMPLY WITH HOUSE RULES

(1) With reference to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Subcommittee on Economic Development held overview and assessment hearings of economic development programs under the Committee's jurisdiction on March 11, 12, and 13, 1981. The hearing report based on these overview and assessment hearings was approved by the Subcommittee and printed in early April (Committee Print 97-3). Additional oversight hearings have been held by the Subcommittee on November 5, 1981; December 14 and 16, 1982; March 14, 1984; March 19, 1985; February 6, 1986; April 29, 1987; and May 11, 1988. Findings and recommendations of the above hearings and reports are reflected in this report and the bill.

(2) With reference to clause (2)(l)(3)(B) of rule XI of the Rules of the House of Representatives, the requirements of section 308(a)(1) of the Congressional Budget Act of 1974, are not applicable to this legislation since it does not provide new budget authority or new increased tax expenditures.

(3) With reference to clause (2)(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee has received an estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

The report is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 30, 1989.

Hon. GLENN M. ANDERSON,
Chairman, Committee on Public Works and Transportation, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached revised cost estimate for H.R. 2015, a bill to amend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965. This estimate supersedes our previous letter dated November 21, 1989.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Robert D. Reischauer,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2015.

2. Bill title: A bill to amend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

3. Bill status: As ordered reported by the House Committee on Public Works and Transportation, November 17, 1989.

4. Bill purpose: H.R. 2015 would authorize appropriations for fiscal years 1990 through 1992 for the economic development programs of the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). The bill would authorize appropriations of $276 million per year for EDA programs and administration and $185 million per year for Appalachian development programs and administration.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1990	1991	1992	1993	1994
EDA:					
Authorization level	276	276	276		
Less: existing appropriation	217				
Net Additional Authorization	59	276	276		
Estimated outlays	6	69	125	154	129
ARC:					
Authorization level	185	185	185		
Less: existing appropriation	150				
Net Additional Authorization	35	185	185		
Estimated outlays	3	21	68	106	90
Total:					
Net authorization level	94	461	461		
Estimated outlays	9	90	193	260	219

The costs of this bill fall within budget function 450.

Basis of estimate: For the purposes of this estimate, CBO assumed that additional amounts authorized for EDA and ARC programs in fiscal year 1990 would be provided in a supplemental appropriation before the end of the year and that funds authorized for 1991 and 1992 would be appropriated by the beginning of those fiscal years. Enacted fiscal year 1990 appropriations are $217 million for EDA and $150 million for ARC.

If this bill were enacted, Sections 111 and 204 of the amended Public Works and Economic Development Act of 1965 would require that EDA obligate 50 percent to 60 percent of its public works funds by May 31 each fiscal year and 90 percent of its planning and technical assistance funds by December 1. These provisions would probably not change spending patterns in fiscal year 1990. However, in future years, obligations and outlays for the program would occur more rapidly than historical rates.

6. Estimated cost to State and local governments: This bill would not impose costs on state and local governments, but would require matching shares for federal grants. For EPA projects, state and local governments could not receive more than 50 percent of the cost of a public works project, or 75 percent of economic development planning costs. Assuming appropriation of the full amounts authorized in H.R. 2015, matching shares for state and local governments could be up to $485 million over the three-year period for the additional grants authorized by the bill.

For ARC grants, the federal share would be 80 percent of highway projects and 50 percent for all other projects. Between 1990 and 1992, total new state and local matching shares would reach about $165 million for the additional grants authorized by the bill if the full amounts authorized were appropriated.

7. Estimate comparsion: None.

8. Previous CBO estimate: On November 21, 1989, CBO prepared a cost estimate for H.R. 2015. The previous estimate did not incorporate fiscal year 1990 appropriations for EDA programs, which had not been enacted at that time.

9. Estimate prepared by: Marta Morgan.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

(4) With reference to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

(5) With reference to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the following information is provided: the effect of carrying out H.R. 2015, as reported, should be minimal with respect to prices and costs. The funds under this legislation are directed to areas in economic distress and are used to create and retain permanent jobs for the unemployed and the underemployed. Accordingly, the enactment of H.R. 2015, as reported, will not have an inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires a statement of the estimated costs to the United States Government that would be incurred in carrying our H.R. 2015, as amended, in fiscal year 1990 and each of the following 5 years. However, under clause 7(d), the provisions of paragraph (a) do not apply when the Committee has received a timely report from the Congressional Budget Office.

COMMITTEE VOTE

In compliance with clause (2)(l)(2) (A) and (B), of rule XI of the Rules of the House of Representatives, at a meeting of the Committee on Public Works and Transportation on November 17, 1989, a quorum being present, H.R. 2015, as amended, was unanimously approved by a voice vote and ordered reported.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

AN ACT To provide grants for public works and development facilities, other financial assistance and the planning and coordiation needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. [That this Act may be cited as the "Public Works and Economic Development Act of 1965".

[STATEMENT OF PURPOSE

[SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistant is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another. Congress further declares that, in furtherance of maintaining the national economy at a high level, the assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place.

[TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

[SEC. 101. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

[(1) to make direct grants for the acquisition or develoment of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

[(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

[(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

[(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

[(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

[(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as here-inafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

[(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

[(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share. In the case of any State or political subdivision thereof which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary shall reduce the non-Federal share below such per centum or shall waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. In case of any community development corporation which the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs. Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law. The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section. In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the projects to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

[(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

[(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

[SEC. 102. For each of the fiscal years ending June 30, 1975, June 30, 1976, September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September

30, 1982, not to exceed $30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year, and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $7,500,000 of the funds authorized to be appropriated under such section 105 for such period, shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

[SEC. 103. Not more than 15 per centum of the appropriations made pursuant to this title may be expended in any one State.

[SEC. 105. There is hereby authorized to be appropriated to carry out this title not to exceed $500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through fiscal year ending June 30, 1971, not to exceed $800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, not to exceed $200,000,000 for the fiscal year ending June 30, 1974, and not to exceed $200,000,000 for the fiscal year ending June 30, 1975, and not to exceed $250,000,000 for the fiscal year ending June 30, 1976, not to exceed $62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed $425,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed $150,000,000 for the fiscal year ending September 30, 1982. Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974, and not less than 15 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 and June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a)(6) of this Act.

[FINANCIAL ASSISTANCE FOR SEWER FACILITIES

[SEC. 106. No financial assistance, through grants, loans, guarantees, or otherwise, shall be made under this Act to be used directly or indirectly for sewer or other waste disposal facilities unless the Secretary of Health, Education, and Welfare certifies to the Secretary that any waste material carried by such facilities will be adequately treated before it is discharged into any Public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

[CONSTRUCTION COST INCREASES

[SEC. 107. In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall the percentage of the Federal share of such project exceed that originally provided for in such grant.

[TITLE II—OTHER FINANCIAL ASSISTANCE

[PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

[SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

[(1) the project for which financial assistance sought will directly or indirectly—

[(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

[(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

[(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

[(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

[(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

[(4) there is a reasonable expectation of repayment; and

[(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

[(b) Subject to section 710(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eight of 1 per centum, less not exceed one-half of 1 per centum per annum.

[(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purposes of purchasing evidence of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed $170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed $55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed $75,000,000 for the fiscal years ending June 30, 1975, and June 30, 1976, and shalll not exceed $18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed $200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed $46,500,000 for the fiscal year ending September 30, 1982.

[(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

[LOANS AND GUARANTEES

[SEC. 202. (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans). (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

[(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section, to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. No payment under this paragraph shall result in the interest rate being paid by a borrower on such a guaranteed loan being less than the rate of interest for such a loan if it were made under section 201 of this Act. Payment made to or on behalf of such borrower shall be made no less often than annually.

[(3) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payment of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease, (D) paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to creat new or increased employment.

[(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

[(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however,* That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

[(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

[(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

[(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

[(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

[(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

[(7) Subject to section 701(5) of this Act, no loan or guarantee, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereinder: *Provided,* That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

[(8) Loans made and evidences if indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

[(9) Loan assistance (other than for a working capital loan) shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

[(A) other funds are available in an amount which which together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

[(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however,* That, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with the objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

[(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

[(10) No such assistance shall be extended unless there shall be submitted to and approval of the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided,* That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

[ECONOMIC DEVELOPMENT FUNDS

[SEC. 203. Funds obtained by the Secretary under section 201; loan funds obtained under section 403, and collections and repayments received under this Act, shall be deposited in an economic development revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 201, 202, and 403, and for the payment of all obligations and expenditures arising in connection therewith. There shall also be credited to the fund such funds as have been paid into the area development fund or may be received from obligations outstanding under the Area Redevelopment Act. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of September preceding the fiscal year in which the loans were made.

[REDEVELOPMENT AREA LOAN PROGRAM

[SEC. 204. (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make an interest free loan to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commerical use, rehabilitation and renovation of usable empty factory buildings for industrial and commerical use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such interest free loan shall be made on condition (1) that the area will use such interest free loan to makes loans to carry out such plan, (2) the repayment of any loan made by the area from such interest free loan shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. Any such interest free loan shall be repaid to the United States by a redevelopment area whenever such area has its designation as a redevelopment area terminated or modified under section 402 of this Act. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for title I through IV through fiscal year 1971", approved July 6, 1970 (P.L. 91-304).

[(b)(1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this section in meeting the need it was designed to alleviate and the purposes of this section.

[(2) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate.

[(c) There is authorized to be appropriated to carry out this section not to exceed $125,000,000 per fiscal year for the fiscal years ending September 30, 1977, and September 30, 1979, September 30, 1980, and September 30, 1981.

[TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

[SEC. 301. (a) In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations. The Secretary, in his discretion, may require the repayment of assistance provided under this subsection and prescribe the terms and conditions of such repayment.

[(b) The Secretary is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of organizations which he determines to be qualified to receive grants-in-aid under subsection (a) hereof, except that in the case of a grant under this subsection to an Indian tribe the Secretary is authorized to defray up to 100 per centum of such expenses. In determining the amount of the non-Federal share of such costs or expenses, the Secretary shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, such as urban planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

[(c) To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study, training, and research to (A) assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas and regions of the Nation, (B) assist in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions to the problems resulting from these conditions, and (C) assist in providing the personnel needs to conduct such programs. The program of study, training, and research may be conducted by the Secretary through members of his staff, through payment of funds authorized for this section to other departments or agencies of the Federal Government, or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants to such individuals, organizations, or institutions, or through conferences, and similar meetings organized for such purposes. The Secretary shall make available to interested individuals and organizations the results of such research. The Secretary shall include in his annual report under section 707 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

[(d) The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

[(e) The Secretary shall establish an independent study board consisting of governmental and on governmental experts to investigate the effects of Government procurement, scientific, technical, and other related policies, upon regional economic development. Any Federal officer or employee may, with the consent of the head of the department or agency in which he is employed, serve as a member of such board, but shall receive no additional compensation for such service. Other members of such board may be compensated in accordance with the provisions of section 701(10). The board shall report its findings, together with recommendations for the better coordination of such policies, to the Secretary, who shall transmit the report to the Congress not later than two years after the enactment of this Act.

[(f) The Secretary is authorized to make grants, enter into contracts or otherwise provide funds for any demonstration project within a redevelopment area or areas which he determines is designed to foster regional productivity and growth, prevent out migration, and otherwise carry out the purposes of this Act.

[SEC. 302. (a) The Secretary is authorized, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including a redevelopment area or an economic development district), to make direct grants to such State, city, or other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. The planning for cities, other political subdivisions, and sub-State planning and development organizations (including redevelopment areas and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economics, defining development goals, determining project opportunities, and formulating and implementing a development program. Any overall State economic development plan prepared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and the economic development districts located in whole or in part within such State. Upon completion of any such plan, the State shall certify to the Secretary (1) that in the preparation of such State plan, the local and economic development district plans were considered and, to the fullest extent possible, such State plan is consistent with such local and economic development district plans, and (2) that such

State plan is consistent, with such local and economic development district plans, or, if such State plan is not consistent with such local and economic development district plans, all of the inconsistencies of the State plan with the local and economic development district plans, and the justification for each of these inconsistencies. Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals; to support sound land use, to enhance and protect the environment including the conservation and preservation of open spaces and environmental quality, to provide public services, and to balance physical and human resources through the management and control of physical development. The assistance available under this section may be provided in addition to assistance available under section 301(b) of this Act but shall not supplant such assistance and shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

[(b) In addition, the Secretary is authorized to assist economic development districts in—

[(1) providing technical assistance (other than by grant) to local governments within the district; and

[(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.

[(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

[SEC. 303. (a) There is hereby authorized to be appropriated $25,000,000 annually for the purposes of Sections 301 and 302 of this Act, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, $50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and $35,000,000 for the fiscal year ending June 30, 1974 and $75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, $18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed $35,500,000 for the fiscal year ending September 30, 1982.

[(b) Not to exceed $15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976. September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.

⟦SUPPLEMENTAL AND BASIC GRANTS

⟦SEC. 304. (a) There are hereby authorized to be appropriated $35,000,000 for the fiscal year ending June 30, 1975, and $75,000,000 for the fiscal year ending June 30, 1976, $18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $75,000,000 per fiscal year for the fiscal year ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, and IX of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

⟦(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

⟦(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, or IX of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

⟦(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

⟦(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

[TITLE IV—AREA AND DISTRICT ELIGIBILITY

[PART A—REDEVELOPMENT AREAS

[AREA ELIGIBILITY

[SEC. 401. (a) The Secretary shall designate as "redevelopment areas"—

[(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there as existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

[(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent twelve consecutive months, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

[(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

[(i) 50 per centum above the national average for three of the preceding four calendar years, or

[(ii) 75 per centum above the national average for two of the preceding three calendar years, or

[(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

[(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

[(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment; *Provided, however,* That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;

[(4) upon request of such areas, those additional areas in which the Secretary detemines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsection 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

[(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965; *Provided, however,* That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

[(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

[(A) a large concentration of low-income persons;

[(B) rural areas having substantial outmigration;

[(C) substantial unemployment; or

[(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagrphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

[(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available;

[(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months;

[(9) those areas which the Secretary determines have demonstrated long-term economic deterioration.

[(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however,* That—

[(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

[(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202(b)(10) of this Act within the reasonable time after notification of eligibility for designation, shall not thereafter be designated prior to the next annual review of elibility in accordance with section 402 of this Act;

[(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401 (a)(3) or (a)(6); and.

[(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a country, or municipality with a population of over twenty-five thousand, whichever in the opinion of the Secretary is appropriate. Nothing in this subsection shall prevent any municipality, designated as a redevelopment area or eligible to be designated as a redevelopment area, from combining with any other community having mutual economic interests and transportation and marketing patterns for the purposes of such designation.

[(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information,and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

[(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided,* That the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

[(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

[ANNUAL REVIEW OF AREA ELIGIBILITY

[Sec. 402. The Secretary shall conduct an annual review of all areas designated in accordance with section 401 of this Act, and on the basis of such reviews shall terminate or modify such designation whenever such an area no longer satisfies the designation requirements of section 401, but in no event shall such designation of an area be terminated prior to the expiration of the third year after the date such area was so designated. No area previously designated shall retain its designated status unless it maintains a currently approved overall economic development program in accordance with subsection 202(b)(10). No termination of eligibility shall (1) be made without thirty days' prior notification to the area concerned, (2) affect the validity of any application field, or contract or undertaking entered into, with respect to such area pursuant to this Act prior to such termination, (3) prevent any such area from again being designated a redevelopment area under section 401 of this Act if the Secretary determines it to be eligible under such section, or (4) be made in the case of any designated area where the Secretary determines that an improvement in the unemployment rate of a designated area is primarily the result of increased employment in occupations not likely to be permanent, The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the classification of any area.

[Part B—Economic Development Districts

[Sec. 403. (a) In order that economic development projects of broader geographic significance may be planned and carried out, the Secretary is authorized—

[(1) to designate appropriate "econmic development districts" within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

[(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

[(B) the proposed district contains at least one redevelopment area;

[(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district oveall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

[(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

[(2) to designate as "economic development centers," in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

[(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation:

[(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

[(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

[(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designed under subsection (a)(2) above, if—

[(A) the project will further the objectives of the overall economic development program of the district in which it is to be located:

[(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

[(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

[(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—

[(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

[(B) the project is consistent with an approved district overall economic development program.

[(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—

[(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;

[(2) to cooperate with the several States—

[(A) in sponsoring and assisting district economic planning and development groups, and

[(B) in assisting such district groups to formulate district overall economic development programs;

[(3) to encourage participation by appropriate local governmental authorities in such economic development districts.

[(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.

[(d) As used in this Act, the term "economic development district" refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

[(e) As used in this Act, the term "economic development center" refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

[(f) For the purpose of this Act the term "local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

[(g) There is hereby authorized to be appropriated not to exceed $50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed $45,000,000 per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, not to exceed $11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed $45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for financial assistance extended under the provisions of subsection (a)(3) and (A)(4) hereof.

[(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

[(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

[(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of a substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

[PART C—INDIAN ECONOMIC DEVELOPMENT

[SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed $25,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed $25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

[PART D—UNEMPLOYMENT RATE DETERMINATIONS

[SEC. 405. Whenever any provision of this Act requires the Secretary of Labor, or the Secetary, to make any determination or other finding relating to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization.

[TITLE VI—ADMINISTRATION

[SEC. 601. (a) The Secretary shall administer this Act and, with the assistance of an Assistant Secretary of Commerce, in addition to those already provided for, shall supervise and direct the Administrator created herein, and coordinate the Federal cochairmen appointed heretofore or subsequent to this Act. The Assistant Secretary created by this section shall be appointed by the President by and with the advice and consent of the Senate. Such Assistant Secretary shall perform such functions as the Secretary may prescribe. There shall be appointed by the President, by and with the advice and consent of the Senate, an Administrator for Economic Development who shall be compensated at the rate provided for level V of the Federal Executive Salary Schedule who shall perform such duties as are assigned by the Secretary.

[(b) Paragraph (12) of subsection (d) of section 303 of the Federal Executive Salary Act of 1964 is amended by striking out "(4)" and inserting in lieu thereof "(5)".

[(c) Subsection (e) of section 303 of the Federal Executive Salary Act of 1964 is amended by adding at the end thereof the following new paragraph:

["(100) Administrator for Economic Development."

[ADVISORY COMMITTEE ON REGIONAL ECONOMIC DEVELOPMENT

[SEC. 602. The Secretary shall appoint a National Public Advisory Committee on Regional Economic Development which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

[CONSULTATION WITH OTHER PERSONS AND AGENCIES

[SEC. 603. (a) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment.

[(b) The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

[ADMINISTRATION, OPERATION, AND MAINTENANCE

[SEC. 604. No Federal assistance shall be approved under this Act unless the Secretary is satisifed that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

[TITLE VII—MISCELLANEOUS

[POWERS OF SECRETARY

[SEC. 701. In performing his duties under this Act, the Secretary is authorized to—

[(1) adopt, alter, and use a seal, which shall be judicially noticed;

[(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable.

[(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

[(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

[(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

[(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by him in connection with loans made or evidences of indebtedness purchased under this Act;

[(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of harzard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed $1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

[(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 201, 202, 301, 403, and 503 of this Act;

[(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

[(10) employ experts and consultants or organizations therefor as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), compensate individuals so employed at rates not in excess of $100 per diem, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b–2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually;

[(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

[(12) establish such rules, regulations and procedures as he may deem appropriate in carrying out the provisions of this Act.

[PREVENTION OF UNFAIR COMPETITION

[SEC. 702. No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises.

[SAVINGS PROVISIONS

[SEC. 703. (a) No suit, action, or other proceedings lawfully commenced by or against the Administrator or any other officer of the Area Redevelopment Administration in his official capacity or in relation to the discharge of his official duties under the Area Redevelopment Act, shall abate by reason of the taking effect of the provisions of this Act, but the court may, on motion or supplemental petition filed at any time within twelve months after such taking effect, showing a necessity for the survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or agianst the Secretary or the Administrator or such other officer of the Department of Commerce as may be appropriate.

[(b) Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, prior to the effective date of this Act, by any agnecy, officer, or office pertaining to any functions, powers, and duties under the Area Redevelopment Act shall continue in full force and effect after the effective date of this Act until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

[TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

[SEC. 704. (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

[(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act or until the expiration of the first period of sixty days following the effective date of this Act, which shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

[(c) The provisions of this Act shall take effect upon enactment unless herein explicity otherwise provided.

[(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

[(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed), except (1) for projects specifically authorized by Congress, and (2) for local projects for industrial parks and industrial or commercial areas in communities where the electrical energy or gas supply is, or is threatened to be interrupted or curtailed resulting in a loss of jobs, or where the purpose is to save jobs, or create new jobs, on condition that (A) the Secretary finds that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of the Secretary, will permit accomplishment of the project, and (B) the State or Federal regulatory body regulating such service determines that the facility to be financed will not compete with an existing public utility rendering such a service to the public at rates or charges subject to regulation by such State or Federal regulatory body, or if there is a determination of competition, the State or Federal regulatory body must make a determination that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably forseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake. Not more than $7,000,000 approximated to carry out titles I and II of this Act may be expended annually for such projects.

[SEPARABILITY

[SEC. 705. Notwithstanding any other evidence of the intent of Congress, it is hereby declared to be the intent of Congress that if any provision of this Act or the application thereof to any persons or circumstances shall be adjudged by any court of competent jurisdiction to be invalid such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provision of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

[APPLICATION OF ACT

[SEC. 706. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

[ANNUAL REPORT

[SEC. 707. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1966. Such report shall be printed and shall be transmitted to the Congress not later than April 1 of the year following the fiscal year with respect to which such report is made.

[USE OF OTHER FACILITIES

[SEC. 708. (a) The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

[(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

[(c) Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

[APPROPRIATION

[SEC. 709. There are hereby authorized to be appropriated such sums as may be necessary to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act, except that there are hereby authorized to be appropriated to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act not to exceed $25,000,000 for the fiscal year ending September 30, 1982. Appropriations authorized under this Act shall remain available until expended unless otherwise provided by appropriations Acts.

[PENALTIES

[SEC. 710. (a) Whoever makes any statement knowing it to be false, or whoever will fully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 101, 201, or 403 or any extension thereof by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

[(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misappleis any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report or statement of or to the Secretary, or without being duly authorized draws any orders of issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action of plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from by imprisonment for not more than five years, or both.

[EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

[SEC. 711. No financial assistance shall be extended by the Secretary under section 101, 201, 202, or 403 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a peirod of two eyars after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

[PREVAILING RATE OF WAGE AND FORTH-HOUR WEEK

[SEC. 712. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on smiliar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary shall not extend any financial assistance under sections 101, 201, 202, 403, 903, and 1003, for such project without first obtaining adequate assurance that these labor standards will be maintained upon the cosntruction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions sent forth in Reoganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat.

1267; 5 U.S.C. 133z15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

[RECORD OF APPLICATIONS

[SEC. 713. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 101, 201, 202, or 403, which shall be kept avaialble for public inspection during the regualr business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved; (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

[RECORDS AND AUDIT

[SEC. 714. (a) Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

[(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.

[CONFORMING AMENDMENT

[SEC. 715. All benefits heretofore specially made available (and not subsequently revoked) under other Federal programs to persons or to public or private organizations, corporations, or entities in areas designated by the Secretry as "redevelopment areas" under section 5 of the Area Redevelopment Act, are hereby also extended, insofar as practicable, to such areas as may be designated as "redevelopment areas" or "economic development centers" under the authority of section 401 or 403 of this Act: *Provided, however,* That this section shall not be construed as limiting such administrative discretion as may have been conferred under any other law.

[SEC. 716. All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision hereof shall be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance to which any State or other entity eligible under this Act would otherwise be entitled under the provisions of any other Act.

[TITLE VIII—ECONOMIC RECOVERY FOR DISASTER AREAS

[PURPOSE OF TITLE

[SEC. 801. (a) It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and replacement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (1) assistance in planning for development to replace that lost in the major disaster; (2) continued coordination of assistance available under Federal-aid programs; and (3) continued assistance toward the restoration of the employment base.

[(b) As used in this title, the term "major disaster" means a major disaster declared by the President in accordance with the Disaster Relief and Emergency Assistance Act.

[DISASTER RECOVERY PLANNING

[SEC. 802. (a)(1) In the case of any area affected by a major disaster the Governor may request the President for assistance under this title. The Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

[(2) Such Recovery Planning Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected areas, at least one representative of the State, and a representative of the Federal Government appointed by the President in accordance with paragraph (3) of this subsection. During the major disaster, the Federal coordinating officer shall also serve on the Recovery Planning Council.

[(3) The Federal representative on such Recovery Planning Council may be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman of such Regional Council. The Federal representative on such Recovery Planning Council may be the Federal Cochairman of the Regional Commission established pursuant to title V of this Act, or the Appalachian Regional Development Act of 1965, or his designee, where all of the area affected by a major disaster is within the boundaries of such Commission.

[(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal represenatatives except that if all or part of an area affected by a major disaster is within the jurisdiction of an existing multijurisdictional organization established under title VI of this Act or title III of the Appalachian Regional Development Act of 1965, such organization, with the addition of State and Federal representatives in accordance with paragraph (2) of this subsection, shall be designated by the Governor as the Recovery Planning Council. In any case in which such title III or IV organizations is designated as the Recovery Planning Council under this paragraph, some local elected officials of political subdivisions within the affected areas must be appointed to serve on such Recovery Planning Council. Where possible, the organization designated as the Recovery Planning Council shall be or shall be subsequently designated as the appropriate agency required by section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and by the Intergovernmental Cooperation Act of 1968 (Public Law 90-577; 82 Stat. 1098).

[(5) The Recovery Planning Council shall include private citizens as members to the extent feasible, and shall provide for and encourage public participation in its deliberations and decisions.

[(b) The Recovery Planning Council (1) shall review existing plans for the affected area; and (2) may recommend to the Governor and responsible local governments such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the 5-year period following the declaration of the major disaster. The Recovery Planning Council shall accept as one element of the recovery investment plans determinations made under section 406(c) of the Disaster Relief and Emergency Assistance Act.

[(c)(1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion, reprogramming, or additional approval of Federal-aid projects and programs within the area—

[(A) for which application has been made but approval not yet granted;

[(B) for which funds have been obligated or approval granted but construction not yet begun;

[(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

[(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

[(E) which may reasonably be anticipated as becoming available under existing programs.

[(2) Upon the recommendation of the Recovery Planning Council and the request for the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection may, to any extent consistent with appropriation Acts, be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds may be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan, except that no such transfer may be made unless such expenditure is for a project or program for which such funds originally were made available by an appropriation Act.

[PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

[SEC. 803. (a) The President is authorized to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

[(1) to make loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

[(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to subsection (c)(2) of section 802 of this Act, or other Federal-aid projects in the affected area.

[(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any area or part thereof affected by a major disaster.

[(c) No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

[(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum per annum.

[(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them. Such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

[LOAN GUARANTEES

[SEC. 804. The President is authorized to provide funds to Recovery Planning Councils to guarantee loans made to private borrowers by private lending institutions (1) to aid in financing any project within any area affected by a major disaster for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion or enlargement of existing buildngs; and (2) for working capital in connection with projects in areas assisted under paragraph (1), upon application of such institution and upon such terms and conditions as the President may prescribe. No such gurantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

[TECHNICAL ASSISTANCE

[SEC. 805. (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in areas affected by major disasters. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President directly, through the payment of funds authorized for this title to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private non-profit State, area, district, or local organization.

[(b) The President is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils designated pursuant to section 802 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the President shall give due consideration to all contributions both in cash and in kind, fairly evaluated including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, to assure adequate and effective planning and economical use of funds.

[TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

[purpose

[SEC. 901. It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions (including long-term economic deterioration), and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

[DEFINITION

[SEC. 902. As used in this title, the term "eligible recipient" means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State, or consortium of such political subdivisions.

[GRANTS BY SECRETARY

[SEC. 903. (a) (1) The Secretary is authorized to make grants directly to any eligible recipient in an area (A) which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government), or (B) which the Secretary determines has demonstrated long-term economic deterioration, to carry out or develop a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals and businesses, and other assistance which demonstrably furthers the economic adjustment objectives of this title.

[(2) (A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, payments to reduce interest on loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profitmaking entity.

[(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

[(b) No plan shall be approved by the Secretary under this section unless such plan shall—

[(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

[(2) describe each activity planned to meet each such need;

[(3) explain the details of the method of carrying out each such planned activity;

[(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

[(5) be in such form and contain such additional information as the Secretary shall prescribe.

[(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

[(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary may transfer funds available for such grant to the Secretary of Labor and the Secretary of Labor is authorized to provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while the individual is unemployed. Such assistance as the Secretary of labor may provide shall be available to an individual not otherwise disqualified under State law for unemployment compensaton benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of employment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such week of employment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

[REPORTS AND EVALUATION

[SEC. 904. (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

[(b) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 905. There is authorized to be appropriated to carry out this title not to exceed $75,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for the fiscal year ending June 30, 1976, not to exceed $25,000,000 for the transition quarter ending September 30, 1976, and not to exceed $100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed $33,000,000 for the fiscal year ending September 30, 1982.

[TITLE X—JOB OPPORTUNITIES PROGRAM

[STATEMENT OF PURPOSE

[SEC. 1001. It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

[DEFINITIONS

[SEC. 1002. For the purpose of this title the term 'eligible area' means any area, which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 7 per centum for the most recent calendar quarter or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 which has unemployment equal to or in excess of 7 per centum with special consideration given to areas with unemployment rates above the national average.

[PROGRAM AUTHORIZED

[SEC. 1003. (a) To carry out the purposes of this title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1007 of this title to provide financial assistance to programs and projectss identified through the review process described in section 1004 to expand or accelerate the job creating impact of such programs or projects for unemployed persons in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected areas have an adequate opportunity to comment on the specific proposal.

[(b) Whenever funds are made available by the Secretary of Commerce under this title for any progam or project, the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such assistance shall, except as otherwise provided in this subsection, administer the law authorizing such assistance in accordance with all applicable provisions of that law, except provisions relating to—

[(1) requiring allocation of funds among the States,

[(2) limits upon the total amount of such grants for any period, and

[(3) the Federal contribution to any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any non-Federal contribution cannot reasonably be obtained by the State or local government concerned.

[(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title.

[(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary indentifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriations of the proposed activity to the number and needs of unemployed persons in the eligible area.

[(e)(1) The Secretary, if the national unemployment rate is equal to or exceeds 7 per centum for the most recent calendar quarter, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent calendar quarter. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the first sentence of this subsection.

[(2) Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs.

[PROGRAM REVIEW

[SEC. 1004. (a) Within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, after the date of enactment of the Public Works and Economic Development Act Amendments of 1976, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall ([illegible]) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency, instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

[(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

[(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including, but not limited to, new or revised programs and projects submitted in accordance with this section.

[RULES AND REGULATIONS

[SEC. 1005. The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of applicants for assistance in rural eligible areas and the relative needs of applicants for assistance in urban eligible areas and to any equitable distribution of funds authorized under this title between rural and urban eligible applicants unless this would require project grants to be made in areas which do not meet the criteria of this title.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1006. (a) There are hereby authorized to be appropriated to carry out the provisions of this title $81,250,000 for each calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 per centum on the average. No further appropriations of funds is authorized under this section if a determination is made that the national average rate of unemployment has receded below an average of 7 per centum for the most recent calendar quarter as determined by the Secretary of Labor.

[(b) Funds authorized by subsecton (a) are available for grants by the Secretary when the national average unemployment is equal to or in excess of an average of 7 per centum for the most recent calendar quarter. If the national average unemployment rate recedes below an average of 7 per centum for the most recent calendar quarter, the authority of the Secretary to make grants or obligate funds under this title is terminated. Grants may not be made until the national average unemployment has equalled or exceeded an average of 7 per centum for the most recent calendar quarter.

[(c) Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law.

[TERMINATION DATE

[SEC. 1007. Notwithstanding any other provision of this title, no further obligations of funds appropriated under this title shall be made by the Secretary of Commerce after September 30, 1981.

[CONSTRUCTION COSTS

[SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs.]

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "National Development Investment Act".

(b) TABLE OF CONTENTS.—

TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

Sec. 101. Findings and purposes.
Sec. 102. Development investment assistance.
Sec. 103. Qualifying applicants and limitations on locations of projects.
Sec. 104. Application for grant.
Sec. 105. Distress requirements.
Sec. 106. Development investment strategy.
Sec. 107. Limitations on revolving loan funds.
Sec. 108. Federal share.
Sec. 109. Limitations.
Sec. 110. Community development corporations.
Sec. 111. Obligation of funds.
Sec. 112. Authorization of appropriations.

TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

Sec. 201. Investment strategy and planning.
Sec. 202. Evaluation and demonstration.
Sec. 203. Federal share.
Sec. 204. Obligation of funds.
Sec. 205. Authorization of appropriations.

TITLE III—ADMINISTRATION

Sec. 301. Definitions.
Sec. 302. Appointment of assistant secretary.
Sec. 303. Consultation with other persons and agencies.
Sec. 304. Administration of assistance.
Sec. 305. Powers of the Secretary.
Sec. 306. Certification.
Sec. 307. Savings provisions.
Sec. 308. Annual report.
Sec. 309. Prevailing rate of wage.
Sec. 310. Record of applications.
Sec. 311. Records and audit.
Sec. 312. Nondiscrimination requirements.
Sec. 313. Authorization of appropriations.

TITLE I—DEVELOPMENT INVESTMENT ASSISTANCE

SEC. 101. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds and declares the following:

(1) Historical and structural economic patterns in national and world markets have resulted in disparate economic conditions among various areas and communities in the United States.

(2) Some areas and communities suffer from substantial and persistent unemployment and underemployment.

(3) Economic distress caused by structural problems, severe dislocations, or cyclical downturns adversely affects communities and areas and their residents, industry sectors, and groups within the population. Among the most severely affected in distressed areas are socially and economically disadvantaged individuals from groups which suffer the effects of past and present discriminatory practices.

(4) The changing national and global economies over the past decade have created new problems and challenges for the Nation. Our trade deficit has increased to serious proportions while our export of manufactured goods to other nations has dropped dramatically, and our export of industrial jobs to other nations has reached an alarming level.

(5) The private sector remains the ultimate generator of employment and economic growth, but the public sector must reverse decades of infrastructure neglect as a necessary concomitant to private business stability and expansion.

(6) It is in the national interest to develop a partnership between the public and private sectors to plan and implement development and adjustment activities to alleviate such distress.

(7) Delivering and coordinating Federal assistance to economically distressed areas and industries and groups within those areas is crucial to the health of the national economy and the well-being of the Nation's citizens.

(b) Purposes.—The Congress declares that the purposes of this Act are—

(1) to promote balanced national growth and economic development by providing Federal aid to distressed areas in—

(A) planning and financing public works,

(B) promoting business assistance and other development activities to foster additional long-term employment opportunities for the unemployed and underemployed, and

(C) benefiting the socially and economically disadvantaged,

through the stimulation of private investment through Federal assistance;

(2) to make the Nation's industrial and commercial resources more competitive in national and international markets; and

(3) to build, rehabilitate, and repair public infrastructure where it is inadequate to support and encourage private investment in the area;

(4) to recognize and rely upon improved State and local governments' capacity to direct their own destinies; and

(5) to link public and private funds to foster coordination of resources between these sectors, in order to leverage the maximum investment in the long-term economic vitality of all areas.

SEC. 102. DEVELOPMENT INVESTMENT ASSISTANCE.

(a) Grants.—Upon application of an applicant qualifying under section 103 and subject to the provisions of this title, the Secretary is authorized to make a grant to such applicant for one or more of the following:

(1) Constructing and improving public facilities.—Construction, repair, rehabilitation, and improvement of public facilities, including demolition of existing structures and other site preparation measures, and the acquisition of land and other public works improvements to encourage and support private development.

(2) Revolving loan funds.—Establishment of revolving loan funds to promote establishment and growth of small businesses and to retain firms and entrepreneurs which contribute to the creation, retention, and expansion of private sector jobs.

(3) Employee stock ownership plans.—Establishment of revolving loan funds to promote establishment of qualified employee ownership organizations which prevent economic dislocation, facilitate economic adjustment, or contribute to economic diversification and long-term economic vitality.

(b) Technical Assistance.—Upon application of an applicant qualifying under section 103 and subject to the provisions of this title, the Secretary may provide technical assistance for improving and enhancing economic development.

SEC. 103. QUALIFYING APPLICANTS AND LIMITATIONS ON LOCATIONS OF PROJECTS.

(a) Applicants for Distressed Local Governments.—The following entities may apply for assistance under section 102 for projects and activities to be carried out in the jurisdictional area of a unit of local government which meets the requirements of section 105:

(1) State government.—The State in which the unit of local government is located may apply if—

(A) such unit has a population of less than 50,000; and

(B) such unit is located outside the boundaries of an economic development district.

(2) Local government.—The unit of local government may apply; except that—

(A) in any case in which the unit of local government has a population of less than 50,000 and is located outside the boundaries of an economic development district, such unit must consult the State in the preparation of the grant application; and

(B) in any case in which the unit of local government is located within the boundaries of an economic development district, such unit must consult such district in the preparation of the grant application.

(3) Economic development district.—The economic development district in which the unit of local government is located may apply.

(4) Economic development organization.—A private or public nonprofit organization established for economic development purposes and representing an area within the jurisdictional area of the unit of local government may apply if—

(A) such unit has a population of 50,000 or more;

(B) such unit is located outside the boundaries of an economic development district; and

(C) the grant application has been approved by such unit.

(b) Applications for Indian Lands.—An Indian tribe may apply for assistance under section 102 for projects and activities to be carried out on lands owned by, or held in trust for, such tribe if such lands meet the requirements of section 105.

(c) Applications for Pockets of Poverty.—The following entities may apply for assistance under section 102 for projects and activities to be carried out in an area which meets the requirements of section 105 and is located in the jurisdictional area of a unit of local government which has a population of 50,000 or more and does not meet such requirements:

(1) Local government.—The unit of local government may apply; except that in any case in which the unit of local government is located within the boundaries of an economic development district, such unit must consult such district in the preparation of the grant application.

(2) Development organization as applicant.—A private or public nonprofit organization established for economic development purposes and representing the area meeting the requirements of section 105 may apply if such organization consults the unit of local government in the preparation of the grant application.

SEC. 104. APPLICATION FOR GRANT

(a) Contents.—An application for assistance under this title shall include, but neet not be limited to—

(1) a certification that the area over which the applicant has jurisdiction meets the requirements of section 105; except that—

(A) in any case in which the applicant is a State, economic development district, or an organization described in section 103(a)(4), the certification must be for the area over which the concerned unit of local government has jurisdiction;

(B) in any case in which the applicant is an Indian tribe, the certification must be for lands owned by, or held in trust for, such Indian tribe; and

(C) in any case in which the applicant is an organization described in section 103(c)(2), the certification must be for the area such organization represents;

(2) a certification relative to the performance of any responsibilities which the Secretary has agreed to accept under section 306; and

(3) a development investment strategy prepared in accordance with section 106.

(b) FACTORS TO BE CONSIDERED IN APPROVAL PROCESS.—In approving applications for assistance under this title, the Secretary shall give consideration to—

(1) the severity of distress in the area for which the grant is to be made;

(2) the extent to which the grant will result in increased, or more stabilized, permanent employment in such area;

(3) the ratio of private sector investments committed in such area to the amount of the grant applied for;

(4) the extent to which the appropriate State and local governments have undertaken or agree to undertake other related actions to encourage economic development and the expansion of employment opportunities;

(5) the effectiveness of the development investment strategy and the degree to which the proposed project contributes to its implementation (including the strategy's relationship to economic problems identified in the strategy), expands employment opportunities in the existing labor market, provides incentives to retain private businesses, expands or improves public facilities, and encourages private investment; and

(6) the extent to which the strategy and activities are consistent with State and local goals and contribute to long-term economic growth and private sector employment opportunities and establish an overall strengthened economic and business environment which will be self-sustaining.

(c) LIMITATION ON ASSISTANCE FACILITATING RELOCATIONS.—No assistance may be provided under this title for projects intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another, unless the Secretary finds that such relocation would not significantly and adversely affect employment in, or the economic base of, the area from which the industrial or commercial plant or facility would be leaving.

SEC. 105. DISTRESS REQUIREMENTS.

(a) CERTIFICATION.—In order to be eligible for assistance under this title, the applicant must certify that the area which is required by section 103 to meet the requirements of this section meets one or more of the following criteria:

(1) The area has a per capita income of 80 percent or less of the national average.

(2) The area has an unemployment rate 1 percent above the national average percentage for the most recent 24-month period for which statistics are available.

(3) The area has experienced or is about to experience a sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area.

(b) DOCUMENTATION OF DISTRESS.—Documentation of distress shall be supported by Federal data, when available, and in other cases by data available through the State government. Such documentation shall be accepted by the Secretary unless it is determined to be inaccurate. The most recent statistics available must be used.

SEC. 106. DEVELOPMENT INVESTMENT STRATEGY.

(a) PREPARATION AND CONTENTS.—Except as provided in subsection (b), an applicant for assistance under this title shall prepare a development investment strategy for the area which is required by section 103 to meet the requirements of section 105. The development investment strategy must—

(1) identify the economic development problems sought to be addressed by the grant;

(2) identify past, present, and projected future economic development investments in such area and public and private participants and sources of funding for such investments;

(3) identify the extent to which the development investment strategy takes into account—

(A) availability of developable land and space in the area;

(B) public works, public service, and development facilities in the area;

(C) availability of low-cost capital;

(D) tax policy on investments in the area;

(E) level of skill of the labor force; and

(F) ability of State and units of local government to provide financial assistance in the management and implementation of the strategy;

(4) set forth a strategy for addressing the economic problems identified in paragraph (1) and discusses the manner in which the strategy will solve such problems;

(5) provide a description of the projects necessary to implement the strategy, an estimate and analysis of the costs and anticipated benefits of implementing the strategy, and an estimate of the timetables for completion of such projects;

(6) provide a summary of public and private resources which are expected to be available for such projects; and

(7) provide a comprehensive plan which demonstrates participation in all phases of the development and implementation of the development investment strategy by a representative percentage of small business concerns owned and controlled by socially and economically disadvantaged individuals, as defined by section 8(d) of the Small Business Act (15 U.S.C. 637(d)) and relevant subcontracting regulations promulgated pursuant thereto.

(b) Consultation of State or Economic Development District.—In any case in which a unit of local government is the eligible applicant under section 103(a)(2), the unit of local government shall consult the State or economic development district, respectively, in the preparation of a development investment strategy.

(c) Approval of Development Organization's Strategy.—In any case in which a private or public nonprofit development organization within a unit of local government is the eligible applicant under section 103(c)(2), the organization must consult the unit of local government in the preparation of the organization's development investment strategy.

SEC. 107. LIMITATIONS ON REVOLVING LOAN FUNDS.

(a) Purposes and Uses of Grants.—Grants under section 102(a) shall be for the purposes of stimulating small business development and promoting economic growth which contributes to an improved local tax base and the creation of permanent employment opportunities. Such grants may only be made to establish or recapitalize a revolving loan fund which will be used only—

(1) for making loans or guaranteeing loans to small businesses for initial or working capital, or the purchase, rehabilitation or expansion of facilities or equipment; and

(2) for making loans or guaranteeing loans to businesses if a relatively small amount of capital is needed to complete financing necessary to retain the business in the area.

(b) Distress Requirements.—A grant made under section 102(a)(2) shall be made on the condition that the revolving loan fund established or recapitalized pursuant to such grant shall be used only for providing assistance described in subsection (a) in areas which meet the requirements of section 105.

(c) Limitation on Amount of Grant.—No grant for the establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall be made for more than $1,000,000.

(d) Credit Elsewhere Test.—No loan or guarantee shall be made from a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2) unless the financial assistance applied for is not otherwise available from private lenders on terms which in the opinion of the administrator of the revolving loan fund will permit the accomplishment of the project.

(e) Terms of Grants.—

(1) Use assurances.—Any applicant for a grant for establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall give assurances that amounts of any loan which are repaid to the fund will be available only for the purposes set forth in subsection (a).

(2) Repayment assurances.—No loan or guarantee may be made from a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2) unless the applicant for such loan or guarantee provides reasonable assurance of repayment of the loan.

(3) Grantee as administrator.—The grantee of any grant for establishment or recapitalization of a revolving loan fund under section 102(a)(2) shall administer the fund.

(f) Consideration of Past Performance.—In determining whether or not to make a grant for recapitalization of a revolving loan fund established or recapitalization of a revolving loan fund established or recapitalized pursuant to a grant under section 102(a)(2), the Secretary shall consider past performance of such fund.

SEC. 108. FEDERAL SHARE.

(a) Construction and Improvement Projects.—The amount of any grant for a project described in section 102(a)(1) shall be that amount which when added to amounts available from all other sources is sufficient to complete such project, except that in no event shall the amount of any such grant exceed 50 percent of such cost of completing the project as determined at the time of the grant application. No additional funds shall be granted or otherwise made available under this Act for any project described in section 102(a)(2) for which a grant has been made under this Act.

(b) Establishment of Revolving Loan Funds.—The amount of any grant for the establishment of a revolving loan fund under section 102(a) shall not exceed an amount which is equal to the amount of funds available from all other sources for the establishment of such revolving loan fund. The amount of any additional grant for the recapitalization of a revolving loan fund previously established with a grant under section 102(a)(2) shall not exceed an amount which is equal to ⅓ of the amount of funds available from all other sources for such recapitalization.

(c) Indian Tribes.—In the case of a grant to an Indian tribe under section 102(a), the Secretary may reduce or waive any non-Federal share required by this section.

SEC. 109. LIMITATIONS

(a) Obligations in a State.—Except for expenditures to Indian tribes, not more than 15 percent of the appropriations made for a fiscal year pursuant to this title may be expended in any one State.

(b) Obligations to a Person.—The Secretary shall not obligate more than $4,000,000 in any fiscal year to any person (including any State or local government or public organization) for grants under this title, other than grants for establishment of qualified employee ownership organizations.

SEC. 110. COMMUNITY DEVELOPMENT CORPORATIONS.

(a) Grants.—The Secretary may make grants to community development corporations to assist small businesses by reducing the interest rates for economic development activities to be carried out by such businesses in areas meeting the distress requirements of section 105.

(b) Aggregate Amount.—The aggregate amount of grants under this section may not exceed $10,000,000 in any fiscal year.

SEC. 111. OBLIGATION OF FUNDS.

(a) By May 31.—Not later than May 31 of each fiscal year, the Secretary shall obligate for grants under this title not less than 50 percent and not more than 60 percent of the funds appropriated for such fiscal year pursuant to this title.

(b) By September 30.—Not later than September 30 of each fiscal year, the Secretary shall obligate for assistance under this title the

remaining funds appropriated for such fiscal year pursuant to this title.

SEC. 112. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title, to be available until expended, $200,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992. Not more than 25 percent of the amount appropriated pursuant to this section for any fiscal year shall be expanded to carry out section 102(a)(2).

TITLE II—INVESTMENT STRATEGY, PLANNING, EVALUATION, AND DEMONSTRATION

SEC. 201. INVESTMENT STRATEGY AND PLANNING.

(a) Grants for Economic Development Planning.—The Secretary is authorized to make grants for economic development planning, including the preparation of development investment strategies under section 106 and the payment of administrative expenses, to—

(1) any State,

(2) any economic development district,

(3) any Indian tribe,

(4) any county if the jurisdictional area of such county meets the requirements of section 105 and is located outside of the boundaries of an economic development district, and

(5) any other unit of local government with a population of 50,000 or more if the jurisdictional area of such unit meets such requirements and is located outside of the boundaries of an economic development district.

The Secretary is also authorized to make grants for preparation of a development investment strategy under section 106 to any unit of local government with a population of 100,000 or more if the jurisdictional area of such unit meets the requirements of section 105 and, in any case in which such unit is located within the boundaries of an economic development district, such unit consults the district in the preparation of the investment strategy.

(b) Comprehensive Planning Requirement.—Planning carried out under this section shall be a part of a comprehensive planning process and shall be a continuous process involving public officials and private citizens in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program.

(c) Preparation of State Plans.—Any State economic development plan prepared with the active participation of units of local government and economic development districts located in whole or in part within such State and shall set goals for economic development within such State.

(d) Annual State Reports.—Each State receiving assistance under this section shall submit to the Secretary an annual report on the planning process assisted under this section.

(e) District and Local Plans Consistent With State Plan.—Any economic development planning by an economic development district or a unit of local government for which a grant is made under this section shall be consistent with the State economic development plan for the State in which such district or unit is located.

(f) Coordination of Resources.—Grants under this section shall be used, to the maximum extent possible, to provide coordination of investment for community facilities, economic development, manpower training, and transportation services.

(g) Encouragement of Assistance.—Each applicant for assistance under this section is encouraged to provide project planning, financial analysis, marketing, management, feasibility studies, and other technical and financial assistance to communities and neighborhoods within its boundaries.

SEC. 202. EVALUATION AND DEMONSTRATION.

(a) Evaluation of Development Investment Efforts.—The Secretary is authorized to conduct a program of evaluation of Federal, State, and local development investment efforts in order to—

(1) assist in determining the causes of unemployment, underemployment, severe economic adjustment problems, and chronic distress in areas and regions of the United States; and

(2) assist in formulating, implementing, or improving programs at the National, State, or local levels which are designed to increase employment in private firms, assist depressed industry sectors, or otherwise promote economic development or adjustment.

(b) Demonstration Programs.—

(1) In general.—The Secetary is authorized to conduct demonstration programs to test the feasibility of new ways to increase productivity and growth designed to make the steel industry and related industries more competitive, to encourage the use and development of innovative technology and research in economic development, to match the labor force with projected labor markets, to improve United States competitiveness, and to encourage economic diversity and regional balance.

(2) Reports.—Not later than 90 days after completion of each demonstration program conducted under this subsection, the Secretary shall transmit to Congress a report on the results of such program.

(c) Administration.—Programs authorized under subsections (a) and (b) of this section may be carried out by the Secretary acting through the staff of the Department of Commerce, in cooperation with or by the provision of funding to other departments or agencies of the Federal gvoernment, or by contract.

(d) Grants for Management and Technical Assistance.—The Secretary is authorized to make grants to colleges, universities, and other organizations to establish and support ongoing programs which provide to businssses and units of local government management and technical assistance for the purposes of promoting productivity, economic development, and employment opportunity.

SEC. 203. FEDERAL SHARE.

(a) Economic Development Planning.—The amount of any grant under section 201 may not exceed 75 percent of the cost of econmic development planning or of the preparation of a development investment strategy.

(b) Management and Technical Assistance.—The amount of any grant under section 202(d) may not exceed 75 percent of the cost

of establishing and supporting the ongoing management and technical assistance program.

(c) DETERMINATION OF NON-FEDERAL SHARE.—In determining the amount of the non-Federal share of costs under this section, the Secretary shall give consideration to all contributions both in cash and in kind, including space, equipment, and services.

(d) INDIAN TRIBES.—In the case of a grant to an Indian tribe under section 201, the Secretary may reduce or waive any non-Federal share required by this section.

SEC. 204. OBLIGATION OF FUNDS.

Not later than December 31 of each fiscal year, the Secretary shall obligate for grants under section 201, 90 percent of the funds appropriated for such fiscal year pursuant to this title, other than those funds made available for purposes of section 202. The remainder of such funds shall be obligated during such fiscal year only for making grants under section 201 in areas meeting the criteria set forth in section 105(a)(3).

SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated to carry out this title, to be available until expended, $50,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.

(b) LIMITATION OF AMOUNT FOR SECTION 202.—Of sums authorized to be appropriated under subsection (a) of this section, not to exceed $13,000,000 in fiscal year 1990 and not to exceed $15,000,000 in each of fiscal years 1991 and 1992 shall be available for purposes of section 202.

TITLE III—ADMINISTRATION

SEC. 301. DEFINITIONS.

For purposes of this Act—

(1) ECONOMIC DEVELOPMENT DISTRICT.—The term "economic development district" means—

(A) an economic development district designated on or before January 1, 1989, under section 403(a)(1) of the Public Works and Economic Development Act of 1965; and

(B) any district within a State which is designated by the Secretary, which district is of sufficient size or population and contains sufficient resources to foster economic development on a scale involving more than one county and does not contain within its boundaries any part of another economic development district designated under subparagraph (A) or under this subparagraph.

(2) JURISDICTIONAL AREA.—The term "jurisdictional area" means the area over which a unit of local government has jurisdiction.

(3) INDIAN TRIBE.—The term "Indian tribe" means the governing body of an Indian tribe, and Indian authority or tribal organization or entity, an Alaska Native village, or any Indian group which is recognized as an Indian tribe by the Secretary of the Interior, except that the term "Indian tribe" shall also include those bodies, authorities, organizations, entities, or groups not recognized by the Secretary of the Interior, if such body, au-

thority, organization, entity, or group is recognized as a tribe or other similar appropriate entity by the State in which it is located and such State holds land in trust on behalf of such tribe or other similar appropriate entity.

(4) QUALIFIED EMPLOYEE OWNERSHIP ORGANIZATION.—The term "qualified employee ownership organization" includes a qualified employee trust as defined in section 3(c)(2) of the Small Business Act, except that—

(A) such term shall not be limited to plans maintained by small business concerns or to loans guaranteed under such Act;

(B) in the case of any form of financial assistance, the principles of section 3(c)(2)(B) of such Act shall apply under regulations prescribed by the Secretary; and

(C) there shall be periodic reviews of the role, in the management of the concern involved, of employees to whose account stock is allocated.

(5) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(6) SMALL BUSINESS CONCERN.—The term "small business concern" means a business that is independently owned and operated, is not dominant in its field of operations, and meets such other criteria as the Secretary, after consultation with the Administrator of the Small Business Administration, may by regulation establish, including numbers of employees and dollar volume of business by industrial classes.

(7) STATE.—The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Marianas.

(8) UNIT OF LOCAL GOVERNMENT.—The term "unit of local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SEC. 302. APPOINTMENT OF ASSISTANT SECRETARY.

The Secretary shall administer this Act with the assistance of an Assistant Secretary of Commerce, established by section 601 of the Public Works and Economic Development Act of 1965. Such Assistant Secretary shall perform such functions as the Secretary may prescribe.

SEC. 303. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment. The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

SEC. 304. ADMINISTRATION OF ASSISTANCE.

No grant shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted *will be properly and efficiently administered, operated, and maintained.*

SEC. 305. POWERS OF THE SECRETARY.

(a) LIST OF POWERS.—In performing his duties under this Act, the Secretary is authorized to do the following:

(1) Adopt, alter, and use a seal, which shall be judicially noticed.

(2) Hold such hearings, sit and act at such times and places, and take such testimony, as the Secretary may deem advisable.

(3) Request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act. Each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary.

(4) Acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized by this Act.

(5) Procure by contract the temporary or intermittent services of experts and consultants or organizations thereof as authorized by section 3109(b) of title 5, United States Code, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) in accordance with section 5703 of title 5, United States Code, for persons in the Government service employed intermittently, while so employed.

(6) Sue and be sued in any court of record of a State having general jurisdiction or in the United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne, or final, shall be issued against the Secretary or property of the Secretary.

(7) Establish such rules, regulations, and procedures as the Secretary may deem appropriate in carrying out the provisions of this Act.

(b) LIMITATION ON STATUTORY CONSTRUCTION.—Nothing in this Act (including subsection (a)(6)) shall be construed to except the activities under this Act from the application of sections 517, 547, and 2679 of title 28, United States Code.

SEC. 306. CERTIFICATION.

(a) ACCEPTANCE.—The Secretary may discharge any of his responsibilities relative to a project for which a grant may be made under title I of this Act by accepting a certification by the applicant of the applicant's performance of such responsibilities.

(b) RESCISSION OF ACCEPTANCE.—Acceptance by the Secretary of an applicant's certification under this section may be rescinded by the Secretary at any time if, in the opinion of the Secretary, it is necessary to do so.

(c) REGULATION.—The Secretary shall issue such guidelines and regulations as may be necessary to carry out this section.

SEC. 307. SAVINGS PROVISIONS.

(a) AFFECT ON PROCEEDINGS.—No suit, action, or other proceeding lawfully commenced by or against the Secretary or Assistant Secretary or any other officer in his or her official capacity or in relation to the discharge of his or her official duties under the Public Works and Economic Development Act of 1965, shall abate by reason of the taking effect of the amendment by section 102 of the Public Works and Economic Development Act Amendments of 1989, but the court may, on a motion or supplemental petition filed at any time within 12 months after the effective date of such amendment, showing a necessity for the survival of such suit, action, or proceeding to obtain a settlement of the questions involved, allow such suit, action, or proceeding to be maintained by or against the Secretary or Assistant Secretary or such other officer of the Department of Commerce as may be appropriate.

(b) EXISTING REGULATIONS AND PROCEEDINGS.—All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, before the effective date of such amendment, by any agency, officer, or office pertaining to any functions, powers, and duties under the Public Works and Economic Development Act of 1965 shall continue in full force and effect after such effective date until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

SEC. 308. ANNUAL REPORT.

The Secretary shall make a comprehensive and detailed annual report to Congress of operations under this Act for each fiscal year beginning after the year ending September 30, 1989. Such report shall be printed and shall be transmitted to Congress not later than February 1 of the year following the fiscal year with respect to which such report is made.

SEC. 309. PREVAILING RATE OF WAGE.

(a) GENERAL RULE.—All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, commonly known as the Davis-Bacon Act (46 Stat. 1494; 40 U.S.C. 276a–276a–5).

(b) ASSURANCE.—The Secretary shall not extend any financial assistance under this Act for any project without first obtaining adequate assurance that the standards required by subsection (a) will be maintained upon the construction work.

(c) FUNCTION OF SECRETARY OF LABOR.—The Secretary of Labor shall have, with respect to the standards required by subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. App.), and section 2 of the Act of June 13, 1934 (48 Stat. 948; 40 U.S.C. 276c).

SEC. 310. RECORD OF APPLICATIONS.

The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of each application approved for a grant under this Act, which shall be kept available for public *inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved:*

(1) The name of the applicant.

(2) The amount and duration of the grant for which application is made.

(3) The purposes for which the proceeds of the grant are to be used.

SEC. 311. RECORDS AND AUDIT.

(a) GENERAL RULES.—

(1) RECORDS.—Each recipient of a grant under this Act shall keep such records as the Secretary shall prescribe, including records which—

(A) fully disclose the amount and the disposition by such recipient of the proceeds of such grant, the total cost of the project or undertaking in connection with which such grant is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources; and

(B) review the efficiency, economy, and effectiveness of the project carried out under this Act.

(2) REPORTS TO SECRETARY.—Not later than January 11 and July 11 of each year, each recipient shall transmit a report to the Secretary containing all information prescribed under paragraph (1) which relates to all activities carried out during the preceding period relating to grants made to it under this Act. Each report submitted in January of each year shall include an audited statement of funds spent on the project or undertaking during the preceding fiscal year. Such statement shall be prepared in accordance with chapter 75 of title 31, United States Code, or agency regulations governing the audit of nonprofits.

(b) ACCESS TO INFORMATION.—For the purpose of reviewing the efficiency, economy, and effectiveness of programs carried out under the provisions of the Act, including audit and examination, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of any recipient, subrecipient, contractor, or subcontractor that are pertinent to assistance received under this Act.

SEC. 312. NONDISCRIMINATION REQUIREMENTS.

In administering this Act, the Secretary may not—

(1) discriminate in favor of or against any qualified applicant based on the fact that the area in which the project would be located is either rural or urban in character;

(2) create separate allocations of funds to provide assistance for urban and rural areas unless such allocations are based on objective findings of relative levels of distress in areas qualified for assistance under this Act; or

(3) deny assistance to a qualified applicant based on the fact that the project area is located in a State which has a low level of unemployment.

SEC. 313. AUTHORIZATIONS OF APPROPRIATIONS.

There is authorized to be appropriated for salaries and administrative expenses to carry out the provisions of this Act $26,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992, Appropriations under this Act shall remain available until expended. Any contract entered into pursuant to this Act shall be effective only to such extent and in such amounts as may be provided in advance in an appropriation Act.

Appalachian Regional Development Act of 1965

* * * * * * *

FINDINGS AND STATEMENT OF PURPOSE

Sec. 2. (a) The Congress hereby finds and declares that the Appalachian region of the United States, while abundant in natural resources and rich in potential, lags behind the rest of the Nation in its economic growth and that its people have not shared properly in the Nation's prosperity. The region's uneven past development, with its historical reliance on a few basic industries and a marginal agriculture, has failed to provide the economic base that is a vital prerequisite for vigorous, self-sustaining growth. The State and local governments and the people of the region understand their problems and have been working and will continue to work purposefully toward their solution. The Congress recognizes the comprehensive report of the President's Appalachian Regional Commission documenting these findings and concludes that regionwide development is feasible, desirable, and urgently needed. It is, therefore, the purpose of this Act to assist the region in meeting its special problems, to promote its economic development, and to establish a framework for joint Federal and State efforts toward providing the basic facilities essential to its growth and attacking its common problems and meeting its common needs on a coordinated and concerted regional basis. The public investments made in the region under this Act shall be concentrated in areas where there is a significant potential for future growth, and where the expected return on public dollars invested will be the greatest[.] *and in severely distressed and underdeveloped counties and areas lacking resources for basic services.* The States will be responsible for recommending local and State projects, within their borders, which will receive assistance under this Act. As the region obtains the needed physical and transportation facilities and develops its human resources, the Congress expects that the region will generate a diversified industry, and that the region will then be able to support itself, through the workings of a strengthened free enterprise economy.

* * * * * * *

(c) The Congress further finds and declares that, while substantial progress has been made in fulfilling many of the objectives of this Act, rapidly changing national and global economics over the past decade have created new problems and challenges for rural areas throughout the Nation and especially for the Appalachian region. Thus, the problems of the region are not only to provide the

infrastructure necessary to economic and human resource development, to develop its industry, and to generate a diversified regional economy, but to make the region's industrial and commercial resources more competitive in national and world markets. It is, therefore, also the purpose of this Act to provide a framework for coordinating Federal, State, and local initiatives to respond to the economic competitive challenge through improving the skills of the region's manpower, adapting and applying new technologies for the region's businesses, and improving the access of the region's businesses to the technical and financial resources necessary to their development while continuing to address the need to provide basic services for the more disadvantaged areas of the region so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across this Nation.

TITLE I—THE APPALACHIAN REGIONAL COMMISSION

* * * * * * *

ADMINISTRATIVE EXPENSES OF THE COMMISSION

SEC. 105. (a) * * *

(b) To carry out this section there is hereby authorized to be appropriated to the Commission to be available until expended, not to exceed $1,900,000 for the two-fiscal-year period ending June 30, 1971. To carry out this section there is hereby authorized to be appropriated to the Commission, to be available until expended not to exceed $2,700,000 for the two-fiscal-year period ending June 30, 1973 (of such amount not to exceed $525,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed $3,000,000 for the two-fiscal-year period ending June 30, 1975 (of such amount not to exceed $575,000 shall be available for expenses of the Federal Cochairman, his alternate, and his staff. To carry out this section there is hereby authorized to be appropriated to the Commission, to be available until expended, not to exceed $4,600,000 for the period beginning July 1, 1975, and ending September 30, 1977, (of such amount not to exceed $800,000 shall be available for expenses of the Federal Cochairman, his alternate, and his staff), and not to exceed $5,000,000 for the two-fiscal-year period ending September 30, 1979 (of such amount not to exceed $900,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed $6,700,000 for the two-fiscal-year period ending September 30, 1981 (of such amount not to exceed $1,100,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed $2,900,000 for the two-fiscal-year period ending September 30, 1982 (of such amount not to exceed $400,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), **[.]**, *and not to exceed $3,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992. Of amounts appropriated pursuant to the preceding sentence for each of fiscal years 1990, 1991, and 1992, not to exceed $1,000,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff.*

ADMINISTRATIVE POWERS OF COMMISSION

SEC. 106. To carry out its duties under this Act, the Commission is authorized to—

(1) * * *

* * * * * * *

(7) enter into and perform such contracts, leases (including notwithstanding any other provision of law, the lease of office space for any term expiring no later than September 30, [1982]), *1992 cooperative agreements, or other transactions as* may be necessary in carrying out its functions and on such terms as it may deem appropriate, with any department, agency, or instrumentality of the United States (which is hereby so authorized to the extent not otherwise prohibited by law) or with any State, or any political subdivision, agency, or instrumentality thereof, or with any person, firm, association, or corporation.

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TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

SEC. 201. (a) * * *

* * * * * * *

(g) To carry out this section there is hereby authorized to be appropriated to the President, to be available until expended, $175,000,000 for the fiscal year ending June 30, 1971; $175,000,000 for the fiscal year ending June 30, 1972; $180,000,000 for the fiscal year ending June 30, 1973; $180,000,000 for the fiscal year ending June 30, 1974; $185,000,000 for the fiscal year ending June 30, 1975; $185,000,000 for the fiscal year ending June 30, 1976; $185,000,000 for the fiscal year ending June 30, 1977; $250,000,000 for the fiscal year 1978; $300,000,000 for the fiscal year 1979; $300,000,000 for the fiscal year 1980; and $215,000,000 for fiscal year 1981, and $65,000,000 for fiscal year 1982 [.]*; and $144,000,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.*

(h)(1) When a participating State proceeds to construct a segment of a development highway without the aid of Federal funds, in accordance with all procedures and requirements applicable to the construction of segments of Appalachian development highways with such funds, except insofar as such procedures and requirements limit a State to the construction of projects for which Federal funds have previously been appropriated, the Secretary, upon application by the State and with the approval of the Commission, is authorized to pay to the State the Federal share not to exceed [70 per centum] *80 percent* of the costs of the construction of such segment, from any sums appropriated and allocated to such State to carry out this section.

(2) This subsection shall not be construed as a commitment or obligation on the part of the United States to provide funds for seg-

ments of development highways constructed under this subsection, and shall not increase the limitation on construction in subsection (c).

* * * * * * *

Part B—Supplementations and Modifications of Existing Programs

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SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

Sec. 214(a) * * *

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(c) The term "Federal grant-in-aid programs" as used in this section means those Federal grant-in-aid programs authorized on or before **[**December 31, 1980**]** *October 1, 1993,* by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid progams authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Helath Services Act; Vocational Education Act of 1963; Library Services and Construction Act; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; title VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; titles I and IX of the Public Works and Economic Development Act of 1965; the housing repair program for homeowners authorized by section 1319 of title 42, United States Code; grants under the Indian Health Service Act (42 Stat. 208); and title I of the Housing and Community Development Act of 1974. The term shall not include (A) the program for the construction of the development highway system authorized by section 201 of this Act or any program relating to highway or road construction *authorized by title 23, United States Code* or (B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. For the purpose of this section, any sewage treatment works constructed pursuant to section 8(c) of the Federal Water Pollution Control Act without Federal grant-in-aid assistance under such section shall be regarded as if constructed with such assistance.

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Part C—General Provisions

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PROGRAM DEVELOPMENT CRITERIA

Sec. 224. (a) In considering programs and projects to be given assistance under this Act, and in establishing a priority ranking of the requests for assistance presented to the Commission, the Commission shall follow procedures that will insure consideration of the following factors:

(1) the relationship of the project or class of projects to overall regional development including its location in an area determined by the State to have a significant potential for growth *or in a severely distressed and underdeveloped county or area lacking resources for basic service;*

* * * * * * *

(b) No financial assistance shall be authorized under this Act to be used (1) to assist establishments relocating from one area to another; **[**(2) to finance the cost of industrial plants, commercial facilities, machinery, working capital, or other industrial facilities or to enable plant subcontractors to undertake work theretofore performed in another area by other subcontractors or contractors; (3)**]** *(2)* to finance the cost of facilities for the generation, transmission, or distribution of electric energy; or **[**(4)**]** *(3)* to finance the cost of facilities for the production, transmission, or distribution of gas (natural, manufactured, or mixed).

* * * * * * *

(d) MAXIMUM FEDERAL SHARE.—Notwithstanding any other provision of this Act, after October 1, 1989, grants made with funds authorized under this Act shall not exceed 50 percent of the costs of any project approved under this Act (except projects under section 201); except that, notwithstanding any limitation of any other Federal law, such grants may increase the Federal contribution to any project being carried out under such other law and eligible for financial assistance under this Act to such percentage as the Commission determines appropriate within the limitations of this Act.

* * * * * * *

GRANTS FOR ADMINISTRATION EXPENSES OF LOCAL DEVELOPMENT DISTRICTS AND FOR RESEARCH AND DEMONSTRATION PROJECTS

SEC. 302. (a) The President is authorized—

(1) * * *

* * * * * * *

(3) to make grants to the Commission for investigation, research, studies, evaluations, and assessments of needs, potentials, or attainment of the people of the region, technical assistance *(including technical assistance for business development and stabilization and application of technologies and productivity improvement)*, training programs *(including on-site employee training and programs to upgrade employability of the region's people);* demonstrations *(including demonstrations of service consolidations and other methods of increasing efficiency of local governments, the establishment and operation by States, public agencies, or nonprofit development organizations of revolving funds for business assistance loans, the establishment and operation of business incubators and the provision of industrial facilities and equipment by public agencies and nonprofit organizations on such terms (including terms of reasonable recovery of grant funds upon resale) as are approved by the*

Commission, and the acquisition and development of land); and the construction of necessary facilities incident to such activities, which will further the purposes of this Act. Grant funds may be provided entirely from appropriations to carry out this section or in combination with funds available under other Federal or Federal grant-in-aid programs or from any other source. Notwithstanding any provision of law limiting the Federal share in any such other program, funds appropriated to carry out this section may be used to increase such Federal share, as the Commission determines appropriate.

(b)(1) Notwithstanding the provision of section 224(b) (2)[, (3),] or (4), the Commission may provide assistance under this section for demonstrations of enterprise development, including site acquisition or development where necessary for the feasibility of the project, in connection with the development of the region's energy *or economic* resources and the development and stimulation of indigenous arts and crafts of the region. [No more than $3,000,000 shall be obligated for such energy resource related demonstrations in any fiscal year, and not more than $2,500,000 shall be obligated for such indigenous arts and crafts demonstrations.] *Funds in energy enterprise development loan funds established with grants previously approved by the Commission under this section may, upon approval of the Commission pursuant to section 303, after the date of the enactment of the Appalachian Regional Development Act Amendments of 1987, be made available for the purposes authorized in subsection (a)(3).*

* * * * * * *

TITLE IV—APPROPRIATIONS AND MISCELLANEOUS PROVISIONS

AUTHORIZATION OF APPROPRIATIONS

SEC. 401. In addition to the appropriations authorized in section 105 for administrative expenses, in section 201 for the Appalachian Development Highway System and Local Access Roads, and in section 208 for Appalachian Airport Safety Improvements, there is hereby authorized, to be appropriated to the President, to be available until expended, to carry out this Act, $268,500,000 for the two-fiscal year period ending June 30, 1971; $282,000,000 for the two-fiscal year period ending June 30, 1973; and $294,000,000 for the two-fiscal year period ending June 30, 1975. In addition to the appropriations authorized in section 105 for administrative expenses, and in section 201(g) for the Appalachian development highway system and local access roads, there is authorized to be appropriated to the President, to be available until expended, to carry out this Act, $340,000,000 for the period beginning July 1, 1975, and ending September 30, 1977, and $300,000,000 for the two-fiscal year period ending September 30, 1979, *and $300,000,000 for the two-fiscal-year period ending September 30, 1981, and $50,000,000 for the fiscal year period ending September 30, 1982.* No part of the sums authorized in this section for the fiscal year ending September 30, 1982, shall be obligated for any project unless such project was undertaken with funds obligated in a previous fiscal year or is a capital project which was originally approved for funding in fiscal year 1981 and can be started and completed with funds authorized for fiscal year 1982. *In addition to the appropriations authorized in section 105 for administrative expenses and in section 201(g) for the Appalachian development highway system and local access roads, there is authorized to be appropriated to the Commission, to be available until expended, to carry out this Act, $37,500,000 per fiscal year for each of fiscal years 1990, 1991, and 1992.*

* * * * * * *

TERMINATION

Sec. 405. This Act, other than section 201, shall cease to be in effect on October 1, [1982] *1992.*

DISSENTING VIEWS OF HON. NICK RAHALL II

I disagree with the Committee's acceptance of language which reduces the maximum federal cost share for ARC non-highway programs to 50 percent. Under existing law, most ARC non-highway programs may be funded with a federal share of 80 percent or 75 percent depending upon the program. These non-highway programs provide assistance for community development, health, housing, education, mine restoration, and child development.

This provision will severely reduce the flexibility of ARC made possible by existing law. Reducing the maximum federal share to 50 percent will preclude ARC from entering into arrangements more favorable to the locality, should the locality be unable to provide 50 percent of the funds necessary to meet its share, and should its project be particularly needed and meritorious.

I strongly feel that the current flexibility of the ARC is vital to its effectiveness in targeting money to where it is most needed, and in responding to the impact on the Appalachian Region of our changing national and international economy. In short, reducing the federal maximum cost share for non-highway programs to 50 percent defeats the purpose of ARC, which is to provide assistance to the most needy areas.

Nick Rahall.

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